
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

**AMENDMENT NO. 4 TO
SCHEDULE 13E-3**

**RULE 13E-3 TRANSACTION STATEMENT
UNDER SECTION 13(E) OF THE SECURITIES EXCHANGE ACT OF 1934**

INTERNATIONAL SPECIALTY PRODUCTS INC.

(NAME OF THE ISSUER)

**INTERNATIONAL SPECIALTY PRODUCTS INC.
SAMUEL J. HEYMAN
INTERNATIONAL SPECIALTY PRODUCTS HOLDINGS INC.**
(NAME OF PERSONS FILING STATEMENT)

COMMON STOCK, PAR VALUE \$0.01 PER SHARE
(Title of Class of Securities)

460337108

(CUSIP Number of Class of Securities)

**RICHARD A. WEINBERG, ESQ.
C/O ISP MANAGEMENT COMPANY, INC.
1361 ALPS ROAD
WAYNE, NEW JERSEY 07470
TELEPHONE (973) 628-4000**

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSONS AUTHORIZED TO RECEIVE
NOTICE AND COMMUNICATIONS ON BEHALF OF PERSONS FILING STATEMENT)

This statement is filed in connection with (check the appropriate box):

- a. ☒ The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the Securities Exchange Act of 1934.
b. ☐ The filing of a registration statement under the Securities Act of 1933.
c. ☐ A tender offer.
d. ☐ None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies: ☐

Check the following box if the filing is a final amendment reporting the results of the transaction: ☐

CALCULATION OF FILING FEE

----- Transaction Valuation* -----	----- Amount of Filing Fee** -----
\$134,360,564	\$26,873
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* The transaction valuation was based upon the sum of (i) the product of 12,810,336 shares of Common Stock, par value \$0.01 per share, of International Specialty Products Inc., a Delaware corporation, at a price of \$10.30 per share in cash and (ii) a cash-out of 1,700,156 shares of Common Stock covered by outstanding options at a cost of \$2,414,103.

** The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, equals 1/50th of 1% of the transaction valuation.

[X] Check the box if any part of the fee is offset as provided by Rule 0-11(a)
(2) of the Securities Exchange Act of 1934 and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:
Inc. Form or Registration No.:

\$26,873
Schedule 14A

Filing Party: International Specialty Products
Date Filed: November 27, 2002

G-I_EPA0017067

INTRODUCTION

This Amendment No. 4 to the Rule 13e-3 Transaction Statement on Schedule 13E-3 (the "Schedule 13E-3") is being filed by (i) International Specialty Products Inc., a Delaware corporation ("ISP"), the issuer of the equity securities that are the subject of the Rule 13e-3 transaction, (ii) Samuel J. Heyman, a natural person and beneficial owner of approximately 81% of ISP's common stock ("Mr. Heyman") and (iii) International Specialty Products Holdings Inc., a Delaware Corporation ("ISPH"), in connection with the merger of ISPH with and into ISP (the "Merger"), with ISP as the surviving corporation. As a result of the proposed Merger, (i) ISP will cease to be a publicly held company and will become a private corporation, all the stock of which will be beneficially owned by Mr. Heyman and (ii) each issued and outstanding share of ISP common stock will be converted into the right to receive \$10.30 in cash, except shares beneficially owned by Mr. Heyman or by any holder who properly demands appraisal rights under the General Corporation Law of the State of Delaware will be cancelled. Notwithstanding this arrangement, shares owned by a qualified charitable organization, will be entitled to receive \$10.30 in cash.

Concurrently with the filing of this Schedule 13E-3, ISP is filing a definitive proxy statement (the "Proxy Statement") pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which the ISP board of directors is soliciting proxies from stockholders of ISP in connection with the Merger. The information in the Proxy Statement, including all annexes and exhibits thereto, is expressly incorporated by reference herein in its entirety and responses to each item herein are qualified in their entirety by the information contained in the Proxy Statement and the annexes and exhibits thereto. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Proxy Statement.

ITEM 1. SUMMARY TERM SHEET

Regulation M-A

The information set forth in the Proxy Statement under the caption "Summary Term Item 1001 Sheet" is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION

Regulation M-A Item 1002

(a) NAME AND ADDRESS. The information set forth in the Proxy Statement under the caption "Summary Term Sheet - Information About ISP, Mr. Heyman and ISPH" is incorporated herein by reference.

(b) SECURITIES. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - The Special Meeting" and "The Special Meeting-Record Date" is incorporated herein by reference.

(c) TRADING MARKET AND PRICE. The information set forth in the Proxy Statement under the caption "Summary Term Sheet - Trading Market and Price; Dividends" is incorporated herein by reference.

(d) DIVIDENDS. The information set forth in the Proxy Statement under the caption "Summary Term Sheet - Trading Market and Price; Dividends" is incorporated herein by reference.

(e)-(f) PRIOR PUBLIC OFFERINGS; PRIOR STOCK PURCHASES. The information set forth in the Proxy Statement under the caption "Other Matters - Transactions in Capital Stock by Certain Persons" is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF THE FILING PERSON

Regulation M-A
Item 1003

(a)-(c) NAME AND ADDRESS; BUSINESS AND BACKGROUND OF ENTITIES; BUSINESS AND BACKGROUND OF NATURAL PERSONS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet -Information About ISP, Mr. Heyman and ISPH" and "Special Factors - Background of the Merger" is incorporated herein by reference. During the last five years, none of the filing persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining further violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or a finding of any violations of such laws.

DIRECTORS AND EXECUTIVE OFFICERS OF ISP. The table below sets forth for each of the directors and executive officers of ISP their respective present principal occupation or employment, the name and principal business of the corporation or other organization in which such occupation or employment is conducted and the five-year employment history of each such director and executive officer. Each person identified below is a United States citizen, unless otherwise noted. Unless indicated otherwise, each person's principal address is c/o ISP, 1361 Alps Road, Wayne, New Jersey 07470.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
----- Samuel J. Heyman	----- Mr. Heyman has been a director and Chairman of the Board of ISP since its formation and Chairman of the Board and director of one of its subsidiaries since December 2001. He was Chief Executive Officer of ISP and some of its subsidiaries from their formation to June 1999. Mr. Heyman also has been a director of G-I Holdings Inc. for more than five years and was President and Chief Executive Officer of G-I Holdings and some of its subsidiaries for more than five years until September 2000. In January 2001, G-I Holdings filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code due to its asbestos-related claims. Mr. Heyman was a director and Chairman of the Board of Building Materials Corporation of America ("BMCA") from its formation to September 2000 and served as Chief Executive Officer of BMCA and some of its subsidiaries from June 1999 to September 2000 and from June 1996 to January 1999. He is also the Chief Executive Officer, Manager and General Partner of a number of closely held real estate development companies and partnerships whose investments include commercial real estate and a

	<p>portfolio of publicly traded securities. Mr. Heyman has served as a director of Hercules Incorporated, a global manufacturer and marketer of specialty chemicals, since May 2001.</p>
Sunil Kumar	<p>Mr. Kumar has been a director, President and Chief Executive Officer of ISP since June 1999 and a director, President and Chief Executive Officer of some of its subsidiaries since June 2001 and June 1999, respectively. Mr. Kumar was a director, President and Chief Executive Officer of BMCA and some of its subsidiaries from May 1995, July 1996 and January 1999, respectively, to June 1999. He also was Chief Operating Officer of BMCA and some of its subsidiaries from March 1996 to January 1999. He also was a director and Vice-Chairman of the Board of G-I Holdings from January 1999 to June 1999. In January 2001, G-I Holdings filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code due to its asbestos-related claims. Mr. Kumar has served as a director of Hercules Incorporated, a global manufacturer and marketer of specialty chemicals, since May 2001.</p>
Robert Englander	<p>Mr. Englander has been a director of ISP since April 2001. He has been the Chairman of the Board and Chief Executive Officer of Belvoir Publications, a publisher of magazines, books and newsletters, since February 1973. Belvoir Publications has a business address of 970 Park Avenue, Penthouse North, New York, New York 10028.</p>
Sanford Kaplan	<p>Mr. Kaplan has been a director of ISP since November 1992. He has been a private investor and consultant since 1977 with a business address of 10128 Empyrean Way, #303, Los Angeles, California 90067.</p>
Burt Manning	<p>Mr. Manning has been a director of ISP since November 1992. He has been President of Brookbound, Inc., a strategic consulting company since December 1997. He was Chairman of J. Walter Thompson Company, a multinational advertising company, from July 1987 to December 1997 and has served as Chairman Emeritus of such company since January 1998. Mr. Manning has been a director of Friendly Ice Cream Corporation since November 1997 with a business address of 655 Park Avenue, Apartment 8E, New York, New York 10021.</p>

Alan M. Meckler

Mr. Meckler has been a director of ISP since April 2001. He has been the Chairman and Chief Executive Officer of Jupitermedia Group, Inc., a provider of global real-time news and information resources for the internet industry, since December 1998. He was Chairman and Chief Executive Officer of Mecklermedia Corp., a provider of internet information, from June 1971 to November 1998. Jupitermedia Group has a business address of 23 Old Kings Highway South, Darien, Connecticut 06820.

Richard A. Weinberg

Mr. Weinberg has been the Executive Vice President, General Counsel and Secretary of ISP and its subsidiaries since May 1998 and was Senior Vice President, General Counsel and Secretary of ISP and its subsidiaries from May 1996 to May 1998. He has also been serving as a director of various ISP subsidiaries since February 2002, December 2001 and May 1996. Mr. Weinberg has been President, Chief Executive Officer, General Counsel and Secretary of G-I Holdings since September 2000 and was Executive Vice President, General Counsel and Secretary of G-I Holdings from May 1998 to September 2000. He also was Senior Vice President, General Counsel and Secretary of these corporations from May 1996 to May 1998. Mr. Weinberg has served as a director of G-I Holdings since May 1996. In January 2001, G-I Holdings filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code due to its asbestos-related claims. Mr. Weinberg also has been Executive Vice President, General Counsel and Secretary of BMCA and its subsidiaries since May 1998, and was Senior Vice President, General Counsel and Secretary of BMCA and its subsidiaries from May 1996 to May 1998.

Susan B. Yoss

Ms. Yoss has been the Executive Vice President-- Finance and Treasurer of ISP and most of its subsidiaries since September 2000. She was Senior Vice President and Treasurer of ISP and most of its subsidiaries from July 1999 to September 2000 and was Vice President and Treasurer of ISP and most of its subsidiaries from February 1998 to June 1999. She also has been Senior Vice President of BMCA and its subsidiaries since August 2001, was Senior Vice President and Treasurer of the same companies from July 1999 to August 2001 and was Vice President and Treasurer of the same companies from February 1998 to July 1999. Ms. Yoss also has served as Senior Vice President, Chief

Financial Officer and Treasurer of G-I Holdings since July 1999. In January 2001, G-I Holdings filed a voluntary petition for organization under Chapter 11 of the U.S. Bankruptcy Code due to its asbestos-related claims. She was Assistant Treasurer of Joseph E. Seagram & Sons, Inc., a global beverage and entertainment company for more than five years until February 1998.

Roger J. Cope

Mr. Cope has been Senior Vice President--Sales and Commercial Director--Europe of ISP and most of its subsidiaries since July 1999 and was a director of one of its subsidiaries from June 2001 until September 2002. He was Senior Vice President, Pharmaceutical, Agricultural and Beverage Group of ISP and some of its subsidiaries from July 1998 to July 1999 and Vice President, Asia-Pacific Region of the same corporations from March 1997 to July 1998. Mr. Cope is a citizen of the United Kingdom.

Neal E. Murphy

Mr. Murphy has been Senior Vice President and Chief Financial Officer of ISP and its subsidiaries since February 2002 and a director of one of its subsidiaries since February 2002. Prior to joining ISP, he was President of PQ Europe, a global developer and producer of silica-based specialty chemicals, inorganic chemicals and performance particles from August 1999 to September 2001 and Vice President and Chief Financial Officer of PQ Corporation, the parent of PQ Europe, from May 1995 until July 1999.

Stephen R. Olsen

Mr. Olsen has been Senior Vice President--Marketing and Corporate Development of ISP and some of its subsidiaries since June 2002. He was Senior Vice President--Corporate Development and Strategy of ISP and some of its subsidiaries, from September 2000 until June 2002 and was a director of some of its subsidiaries from June 2001 until September 2002. He was President and Chief Operating Officer of LL Building Products Inc., one of BMCA's subsidiaries, from June 1999 to September 2000. He was Vice President, Corporate Development and Vice President and General Manager, Accessories and Specialty Products, of BMCA from May 1997 to October 1998.

Steven E. Post

Mr. Post has been Senior Vice President--Operations for Specialty Chemicals of ISP since June 2001 and was a director of one of its subsidiaries from June 2001 until September 2002. He has been President of ISP Alginates Inc. since October 1999. He was employed as President of Monsanto Company's Kelco Alginates division from January 1999 to October 1999. He served as Vice President and General Manager, Alginates of Monsanto Company from December 1997 to January 1999.

Lawrence Grenner

Mr. Grenner has been Senior Vice President--R&D, Latin America of ISP since May 2002. He was previously Senior Vice President--Marketing and Product Development of ISP and some of its subsidiaries from June 2000 until May 2002. He was Vice President and Business Unit Director, Skin Care of ISP and some of its subsidiaries from January 1999 to June 2000 and Vice President, Marketing-Personal Care of ISP and some of its subsidiaries from January 1997 to January 1999.

To the knowledge of ISP, during the last five years, none of the foregoing directors or executive officers has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or a finding of any violations of such laws.

DIRECTORS AND EXECUTIVE OFFICERS OF ISPH. Mr. Heyman is the sole beneficial owner of ISPH common stock. The table below sets forth for each of the executive officers of ISPH their respective present principal occupation or employment, their principal address, the name and principal business of the corporation or other organization in which such occupation or employment is conducted and the five-year employment history of each such executive officer.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
----- Samuel J. Heyman	----- Mr. Heyman is a director of ISPH. Please also see "Directors and Officers of ISP."
Sunil Kumar	Mr. Kumar is President, Chief Executive Officer and a director of ISPH. Please also see "Directors and Officers of ISP."

NAME -----	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS -----
Richard A. Weinberg	Mr. Weinberg is an Executive Vice President, General Counsel and Secretary of ISPH. Please also see "Directors and Officers of ISP."
Susan B. Yoss	Ms. Yoss is the Executive Vice President--Finance and Treasurer of ISPH. Please also see "Directors and Officers of ISP."

To the knowledge of ISPH, during the last five years, none of the foregoing directors or executive officers has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or a finding of any violations of such laws.

ITEM 4. TERMS OF THE TRANSACTION

Regulation M-A Item 1004

(a) (1) TENDER OFFERS. Not applicable.

(a) (2) (i) TRANSACTION DESCRIPTION. The information set forth in the Proxy Statement under the caption "Summary Term Sheet" is incorporated herein by reference.

(a) (2) (ii) CONSIDERATION. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - What You Will Be Entitled to Receive in The Merger," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Special Factors - Recommendation of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger" and "The Merger - Payment of Merger Consideration and Surrender of Stock Certificates" is incorporated herein by reference.

(a) (2) (iii) REASONS FOR TRANSACTION. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendation of Special Committee and our Board of Directors," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Recommendation of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

(a) (2) (iv) VOTE REQUIRED FOR APPROVAL. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - The Special Meeting," "Summary Term Sheet - The Merger Agreement," "The Special Meeting - Voting Rights; Vote Required for Approval" and "The Merger - Merger Agreement" is incorporated herein by reference.

(a) (2) (v) DIFFERENCES IN THE RIGHTS OF SECURITY HOLDERS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - What You Will Be Entitled to Receive in the Merger," "Special Factors - Effects of the Merger; Plans or Proposals After the Merger" and "The Merger - Payment of Merger Consideration and Surrender of Stock Certificates" is incorporated herein by reference.

(a) (2) (vi) ACCOUNTING TREATMENT. The information set forth in Proxy Statements under the caption "The Merger - Accounting Treatment" is incorporated herein by reference.

(a) (2) (vii) INCOME TAX CONSEQUENCES. The information set forth in

the Proxy Statement under the captions "Summary Term Sheet - Material U.S. Federal Income Tax Consequences" and "Special Factors - Material U.S. Federal Income Tax Consequences of the Merger to our Stockholders" is incorporated herein by reference.

(c) DIFFERENT TERMS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - What You Will Be Entitled to Receive in the Merger" and "The Merger - Payment of Merger Consideration and Surrender of Stock Certificates" is incorporated herein by reference.

(d) APPRAISAL RIGHTS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Appraisal Rights " and "The Merger - Appraisal Rights" is incorporated herein by reference.

(e) PROVISIONS FOR UNAFFILIATED SECURITY HOLDERS. None.

(f) ELIGIBILITY FOR LISTING OR TRADING. Not applicable.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS

Regulation M-A Item 1005

(a) (1) TRANSACTIONS WITH ISP. The information set forth in the Proxy Statement under the captions "Special Factors - Specified Relationships between ISP and Mr. Heyman" and "Other Matters - Transactions in Capital Stock by Certain Persons" is incorporated herein by reference.

(a) (2) TRANSACTIONS WITH OFFICERS, DIRECTORS AND AFFILIATES OF ISP. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," and "Special Factors - Interests of Directors and Executive Officers in the Merger," "Other Matters - Transactions in Capital Stock by Certain Persons" and "Other Matters - Certain Transactions" is incorporated herein by reference.

(b) - (c) SIGNIFICANT CORPORATE EVENTS; NEGOTIATIONS OR CONTRACTS. The information set forth in the Proxy Statement under the captions "Special Factors - Background of the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger" and "Other Matters - Certain Transactions" is incorporated herein by reference.

(e) AGREEMENTS INVOLVING THE SUBJECT COMPANY'S SECURITIES. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Special Factors - Background of the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger," "The Special Meeting - Voting Rights; Vote Required for Approval" and "Other Matters - Certain Transactions" is incorporated herein by reference. The information set forth in Exhibits

(d)(1) and (d)(2) is incorporated herein by reference.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS

Regulation M-A Item 1006

(b) USE OF SECURITIES ACQUIRED. The information set forth in the Proxy Statement under the captions "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" and "Special Factors - Effects of the Merger; Plans or Proposals After the Merger" is incorporated herein by reference.

(c) (1)-(8) PLANS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - The Merger," "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Summary Term Sheet - The Merger Agreement," "Special Factors - Background of the Merger," "Special Factors - Effects of the Merger; Plans or Proposals After the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger" and "Other Matters - Certain Transactions" is incorporated herein by reference.

ITEM 7. PURPOSES, ALTERNATIVES, REASONS AND EFFECTS

Regulation M-A

Item 1013 (a) PURPOSES. The information set forth in the Proxy

Statement under the captions "Special Factors - Recommendations of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Background of the Merger" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

(b) ALTERNATIVES. The information set forth in the Proxy Statement under the captions "Special Factors - Background of the Merger," "Special Factors - Recommendations of the Special Committee," "Special Factors - Recommendations of our Board of Directors" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

(c) REASONS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Opinion of Lehman Brothers Inc.," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "Special Factors - Opinion of Lehman Brothers" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

(d) EFFECTS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - What You Will Be Entitled to Receive in the Merger," "Summary Term Sheet - Opinion of Lehman Brothers Inc.," "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Summary Term Sheet - Material U.S. Federal Income Tax Consequences," "Summary Term Sheet - Appraisal Rights," "Special Factors - Background of the Merger," "Special Factors - Opinion of Lehman Brothers," "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger," "Special Factors - Effects of the Merger; Plans or Proposals After the Merger," "Special Factors - Material U.S. Federal Income Tax Consequences of the Merger to our Stockholders," "Special Factors - Litigation," "The Merger - Payment of Merger Consideration and Surrender of Stock Certificates," "The Merger - Appraisal Rights" and "The Merger - The Merger Agreement" is incorporated herein by reference.

ITEM 8. FAIRNESS OF THE TRANSACTION

Regulation M-A Item 1014

(a) - (b) FAIRNESS; FACTORS CONSIDERED IN DETERMINING FAIRNESS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendations of the Special Committee and our Board of Directors," "Summary Term Sheet - Opinion of Lehman Brothers Inc.," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Recommendations of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "Special Factors - Opinion of Lehman Brothers," "Special Factors - ISP's Forecasts" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

(c) APPROVAL OF SECURITY HOLDERS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - The Special Meeting," "Summary Term Sheet - The Merger Agreement," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "The Special Meeting - Voting Rights; Vote Required for Approval" and "The Merger - The Merger Agreement" is incorporated herein by reference.

(d) UNAFFILIATED REPRESENTATIVE. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendations of the Special Committee and our Board of Directors," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Recommendation of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to Fairness of the Merger" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

(e) APPROVAL OF DIRECTORS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendations of the Special Committee and our Board of Directors," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Recommendations of the Special Committee," "Special Factors - Recommendations of our Board of Directors" and "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of Merger" is incorporated herein by reference.

(f) OTHER OFFERS. Not applicable.

ITEM 9. REPORTS, OPINIONS, APPRAISALS AND NEGOTIATIONS

Regulation M-A Item 1015

(a) - (c) REPORT, OPINION OR APPRAISAL; PREPARER AND SUMMARY OF THE REPORT, OPINION OR APPRAISAL; AVAILABILITY OF DOCUMENTS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Opinion of Lehman Brothers Inc.," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Opinion of Lehman Brothers," "Special Factors -Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "Special Factors - ISP's Forecasts" and "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," is incorporated herein by reference. The full text of the written opinion of Lehman Brothers Inc., dated November 8, 2002, is attached to the Proxy Statement as Annex B thereto and is incorporated herein by reference. The written materials presented by Lehman Brothers Inc. to the ISP Special Committee on November 6, 2002 are set forth as Exhibits (c)(2) through (c)(6) hereto and are incorporated herein by reference.

ITEM 10. SOURCE AND AMOUNTS OF FUNDS OR OTHER CONSIDERATION

Regulation M-A Item 1007

(a) - (d) SOURCE OF FUNDS; CONDITIONS; EXPENSES; BORROWED FUNDS. The information set forth in the Proxy Statement under the captions "The Merger - Fees and Expenses of the Merger" and "The Merger - Financing of the Merger" is incorporated herein by reference.

ITEM 11. INTEREST IN SECURITIES OF THE SUBJECT COMPANY

Regulation M-A Item 1008

(a) SECURITIES OWNERSHIP. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Special Factors - Background of the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger," "The Special Meeting - Voting Rights; Vote Required for Approval" and "Other Matters - Security Ownership of Specified Beneficial Owners and Management" is incorporated herein by reference.

(b) (1) -(5) SECURITIES TRANSACTIONS. The information set forth in the Proxy Statement under the caption "Other Matters - Transactions in Capital Stock by Certain Persons" is incorporated herein by reference.

ITEM 12. THE SOLICITATION OR RECOMMENDATIONS

Regulation M-A Item 1012

(d) INTENT TO TENDER OR VOTE IN A GOING-PRIVATE TRANSACTION. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger" "Special Factors - Specified Relationships Between ISP and Mr. Heyman" and "The Special Meeting - Voting Rights; Vote Required for Approval" is incorporated herein by reference.

(e) RECOMMENDATIONS OF OTHERS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendations of the Special Committee and our Board of Directors," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Recommendation of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

ITEM 13. FINANCIAL STATEMENTS

Regulation M-A Item 1010

(a) FINANCIAL INFORMATION. The information set forth in the Proxy Statement under the caption "Summary Term Sheet - Selected Consolidated Financial Data of ISP" is incorporated herein by reference.

(b) PRO FORMA INFORMATION. None.

ITEM 14. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED

Regulation M-A Item 1009

(a) - (b) SOLICITATIONS OR RECOMMENDATIONS; EMPLOYEES AND CORPORATE ASSETS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Opinion of

Lehman Brothers Inc., "Special Factors - Background of the Merger," "Special Factors - Opinion of Lehman Brothers," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "The Special Meeting - Solicitation of Proxies," "The Merger - Fees and Expenses of the Merger" and "The Merger - Financing of the Merger" is incorporated herein by reference.

ITEM 15. ADDITIONAL INFORMATION

Regulation M-A Item 1011

(b) OTHER MATERIAL INFORMATION. The information set forth in the Proxy Statement, including all annexes and exhibits thereto, is incorporated herein by reference.

ITEM 16. EXHIBITS

Regulation M-A Item 1016

(a) Definitive Proxy Statement filed with the Securities and Exchange Commission on November 27, 2002 (incorporated herein by reference to the Definitive Proxy Statement).

(b) None.

(c) (1) Opinion of Lehman Brothers Inc. attached as Annex B to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).

(c) (2) Materials presented by Lehman Brothers Inc. to the ISP Special Committee on September 18, 2002.

(c) (3) Materials presented by Lehman Brothers Inc. to the ISP Special Committee on September 27, 2002 (previously filed).

(c) (4) Materials presented by Lehman Brothers Inc. to the ISP Special Committee on October 21, 2002 (previously filed).

(c) (5) Materials presented by Lehman Brothers Inc. to the ISP Special Committee on November 6, 2002 (previously filed).

(c) (6) Materials presented by Lehman Brothers Inc. to the Board of Directors of ISP on November 8, 2002 (previously filed).

(d) (1) Agreement and Plan of Merger, dated as of November 8, 2002 by and among ISP and ISPH attached as Annex A to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).

(d) (2) Stockholder Voting Agreement, dated November 8, 2002, between ISP and Samuel J. Heyman attached as Annex C to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).

(e) None.

(f) Section 262 of the General Corporation Law of the State of Delaware attached as Annex D to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).

(g) None.

SIGNATURE

After due inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: February 7, 2003

INTERNATIONAL SPECIALTY PRODUCTS INC.

By: /s/ SUNIL KUMAR

Name: Sunil Kumar
Title: President and Chief Executive Officer

SAMUEL J. HEYMAN

/s/ SAMUEL J. HEYMAN

**INTERNATIONAL SPECIALTY PRODUCTS
HOLDINGS INC.**

By: /s/ SUNIL KUMAR

Name: Sunil Kumar
Title: President and Chief Executive Officer

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
(a)	Definitive Proxy Statement filed with the Securities and Exchange Commission on November 27, 2002 (incorporated herein by reference to Amendment No. 3 to the Definitive Proxy Statement).
(b)	None.
(c) (1)	Opinion of Lehman Brothers Inc. attached as Annex B to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
(c) (2)	Materials presented by Lehman Brothers Inc. to the ISP Special Committee on September 18, 2002.
(c) (3)	Materials presented by Lehman Brothers Inc. to the ISP Special Committee on September 27, 2002 (previously filed).
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(d) (1)	Agreement and Plan of Merger, dated as of November 8, 2002 by and among ISP and ISPH attached as Annex A to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
(d) (2)	Stockholder Voting Agreement, dated November 8, 2002, between ISP and Samuel J. Heyman attached as Annex C to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
(e)	None.
(f)	Section 262 of the General Corporation Law of the State of Delaware attached as Annex D to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
(g)	None.

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Confidential Presentation to:

International Specialty Products Inc.

Presentation to the Special Committee of the Board of Directors

September 18, 2002

LEHMAN BROTHERS

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Table of Contents

Agenda

- I. Overview of the Proposal
- II. Overview of International Specialty Products Inc.
 - A. Company Overview
 - B. Segment Review
 - C. Review of Financial Projections
- III. Summary Valuation Analysis
 - A. Summary Valuation Range
 - B. Review of Non-Operating Assets and Liabilities
 - C. Purchase Price Ratio Analysis
 - D. Historical Stock Price Performance
 - E. Comparable Trading Analysis
 - F. Comparable Transaction Analysis
 - G. Discounted Cash Flow Analysis

Appendices

- A. Weighted Average Cost of Capital ("WACC") Analysis
- B. ISP Ownership Profile
- C. Review of Assumption for Operating Projections
- D. Premiums Paid Analysis

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Overview of the Proposal

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Executive Summary

Overview of the Proposal

- The Special Committee of the Board of Directors of International Specialty Products Inc. ("ISP" or the "Company") has asked Lehman Brothers to be prepared to render an opinion with respect to the fairness or inadequacy, as the case may be, from a financial point of view, to the shareholders of the Company, other than Samuel Heyman and his affiliates (the "Public Shareholders"), of the price to be offered to the Public Shareholders in the proposed transaction
- Lehman Brothers has reviewed and analyzed:
 - The specific terms of the proposed transaction;
 - Such publicly available information concerning ISP that Lehman Brothers believed to be relevant to its analysis, including Annual Report on Form 10-K for the fiscal year ended December 31,

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2001, Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, and Form 13-D filed on July 9, 2002;

- Financial and operating information with respect to the business, operations and prospects of ISP furnished to us by the Company;
 - Trading history of Company Common Stock from June 25, 1991 to the present and a comparison of this trading history with those of other companies that Lehman Brothers deemed relevant;
 - A comparison of the historical financial results and present financial condition of ISP with those of other companies that Lehman Brothers deemed relevant; and
 - A comparison of the financial terms of the proposed transaction with the financial terms of certain other transactions that Lehman Brothers deemed relevant
- In undertaking its opinion, Lehman Brothers has assumed and relied upon the accuracy and completeness of the financial and other information used by us without assuming any responsibility for independent verification of such information and has further relied upon the assurances of management of the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading

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Due Diligence Process

Overview of the Proposal

Due Diligence Overview

- Due diligence review session on September 3, 2002 with ISP management including:
 - Sunil Kumar – President & CEO
 - Neal E. Murphy – Senior Vice President & CFO
 - Susan B. Yoss – Executive Vice President – Finance & Treasurer
 - Richard A. Weinberg – Executive Vice President & General Counsel
 - Stephen R. Olsen – Senior Vice President – Marketing & Corporate Development
 - Kenneth M. McHugh – Vice President & Controller
 - Celeste Wills – Associate & General Counsel – Environmental
- Extensive additional diligence documents including, among others:
 - Management Letters and other audit documents from Arthur Andersen LLP
 - Diligence call with KPMG engagement partner Mike Shannon
 - Detailed documentation regarding ISP's internal audit processes
 - Summary budget and operating results for 2002
 - Historical and projected summary financial results by segment and geography
 - Detailed documentation regarding management and employees including compensation structure and benefits
 - Audit letter from Richard Weinberg to Arthur Anderson LLP regarding contingent liabilities and litigation matters
 - Rating agency and investor presentations
 - Marketing plan by specific product line
 - Details of tax audits outstanding and tax reserves
- Responses to specific follow-up inquiries

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Terms of the Proposal

Overview of the Proposal

Description: At the close of market on July 8, 2002, Samuel J. Heyman issued a press

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release proposing that the Board consider a transaction whereby he would acquire the shares of ISP not beneficially owned by him or by his affiliates

Consideration: \$10.00 per share in cash

Conditions: Transaction would require the approval of a majority of the minority shareholders

Transaction Value: The amount offered implies an Enterprise Value of \$1,157 million for the whole company

Proposal Price Premia:

Premium to:	Current Share Price September 16, 2002		Prior to July 8, 2002 Announcement	
	ISP Price	% Premium	ISP Price	% Premium
Proposal Price	\$10.00		\$10.00	
1 Day (1)	9.53	4.9%	7.95	25.8%
7 Days Avg.	9.64	3.7%	7.82	27.9%
30 Days Avg.	9.83	1.7%	6.92	44.4%
60 Days Avg.	9.86	1.4%	7.70	29.8%
90 Days Avg.	9.30	7.5%	8.32	20.2%
180 Days Avg.	9.08	10.2%	8.61	16.2%
1 Year Avg.	8.84	13.1%	8.85	13.0%
1 Year Median	8.75	14.3%	8.80	13.6%
1 Year High	10.45	(4.3%)	11.11	(10.0%)
1 Year Low	5.60	78.6%	5.60	78.6%

(1) The "1 Day" trading price prior to announcement was the closing price as of July 8, 2002.

LEHMAN BROTHERS

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Overview of International Specialty Products Inc.

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Corporate Overview

Overview of International Specialty Products Inc.

Business Overview

Business Description

- ISP manufactures and sells specialty chemicals and mineral products to the personal care, pharmaceutical, construction, food, plastics, coatings and beverage industries on a worldwide basis
- ISP uses proprietary technology to convert acetylene to high-performance polymers used as fixatives in hair care, excipients in pharmaceutical tablets and clarifying agents in beer production
- ISP also produces intermediates used in engineering plastics and solvents used in petroleum manufacturing
- ISP produces polyvinyl pyrrolidone polymers (PVP) and related products in 14 plants with 10 plants in U.S., 2 in Europe and 2 in Asia
- In 2001, ISP had 2,600 employees worldwide

Major Plant Locations

United States

Texas City, TX
Calvert City, KY
Blue Ridge Summit, PA
Pembine, WI
Annapolis, MO
San Diego, CA
Columbus, OH
Freetown, MA
Chatham, NJ

Europe

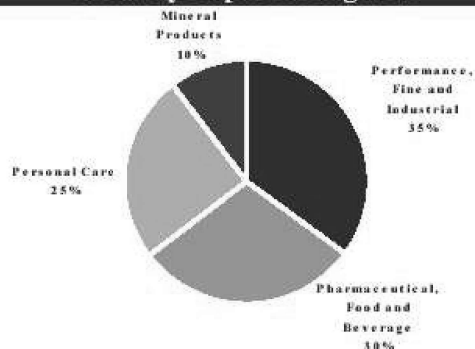
Marl, Germany

Major Products

PVP, NMP
PVP, Vinyl Ethers
Mineral Products
Mineral Products
Mineral Products
Alginates
Fine Chemicals
Fine Chemicals
Personal Care Chemicals

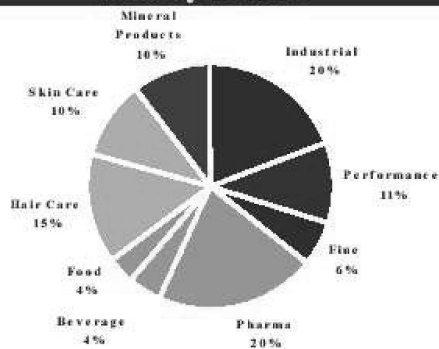
Butanediol, THF

Sales by Reported Segment



2001 Sales: \$787.2 million

Sales by Market ⁽¹⁾



2001 Sales: \$787.2 million

⁽¹⁾ Percentages do not match exactly due to some product overlap across markets.

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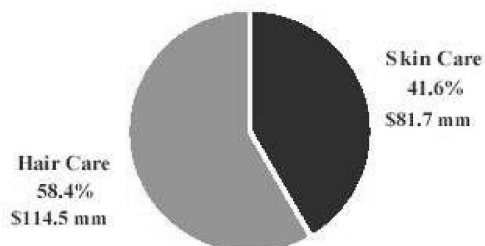
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Segment Overview – Personal Care

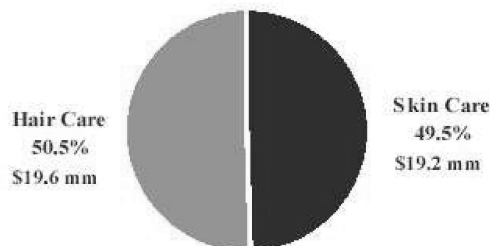
Overview of International Specialty Products Inc.

Business Overview

2001 Sales by Product Line



2001 EBIT by Product Line ⁽¹⁾



Products

- Skin Care
 - Ultra Violet Absorbers
 - Emollients
 - Moisturizers
 - Waterproofing Agents
 - Preservatives

- Hair Care
 - Fixatives
 - Thickeners
 - Stabilizers

End Markets

- Skin Care
 - Skin Lotions and Creams
 - Color Cosmetics
 - Body Washes
 - Beach Products
- Hair Care
 - Hairspray
 - Mousses and Styling Gels
 - Shampoos and Conditioners
 - Hair Dye Preps

Key Competitors

- Skin Care
 - Roche
 - Givaudan
 - BASF
 - Lonza
 - Cognis, Clariant, Ciba
 - New Chinese Entrants
- Hair Care
 - BASF
 - National Starch
 - Eastman Chemical
 - Noveon
 - Stepan

⁽¹⁾ Adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

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Financial Benchmarking

Segment Financials (1)										
(\$ in millions)	Historical			Estimated		Projected			CAGR	
	1999	2000	2001	2002E	2003E	2004E	2005E	2006E	99-02E	02E-06E
Net Sales	\$ 187.2	\$ 189.2	\$ 196.2	\$ 209.9	\$ 218.5	\$ 227.8	\$ 237.3	\$ 248.2	3.9%	4.3%
% Growth	N/A	1.1 %	3.7 %	7.0 %	4.1 %	4.3 %	4.2 %	4.6 %		
Cost of Sales	95.0	100.7	105.9	109.7	114.2	119.0	123.8	129.8		
Gross Profit	92.2	88.5	90.3	100.2	104.3	108.8	113.5	118.4	2.8%	4.3%
% Margin	49.3 %	46.8 %	46.0 %	47.7 %	47.7 %	47.8 %	47.8 %	47.7 %		
SG&A Expense	48.6	50.5	51.5	55.4	57.3	59.2	61.2	64.2		
% of Sales	26.0 %	26.7 %	26.2 %	26.4 %	26.2 %	26.0 %	25.8 %	25.9 %		
EBIT	43.6	38.0	38.8	44.8	47.0	49.6	52.3	54.2	0.9%	4.9%
% Margin	23.3 %	20.1 %	19.8 %	21.3 %	21.5 %	21.8 %	22.0 %	21.8 %		
D&A	11.6	12.4	13.2	14.9	15.2	15.1	15.2	15.2		
% Margin	6.2 %	6.5 %	6.7 %	7.1 %	6.9 %	6.6 %	6.4 %	6.1 %		
EBITDA	55.2	50.4	52.0	59.7	62.2	64.7	67.5	69.4	2.7%	3.8%
% Margin	29.5 %	26.6 %	26.5 %	28.5 %	28.4 %	28.4 %	28.4 %	28.0 %		

Benchmarking Analysis (2)

		Growth			Profitability Margins				
		2001 Sales (US\$)	Historical Sales ('99-'01)	Projected Sales ('02-'04)	2001 Gross	2001 EBIT(3)	2001 EBITDA	Average EBITDA ('99-'01)	Average EBITDA ('02-'04)
Croda	\$	449.0	0.8%	3.2%	23.6%	13.4%	18.3%	19.7%	19.4%
International Flavors & Fragrances		1,843.8	(2.3%)	2.4%	42.3%	17.7%	22.2%	19.8%	22.4%
Givaudan		1,444.9	3.7%	5.2%	48.1%	19.5%	22.7%	23.3%	23.7%
Mean	\$	1,245.9	0.7%	3.6%	38.0%	16.9%	21.1%	20.9%	21.9%
ISP Personal Care	\$	196.2	2.4%	4.2%	46.0%	19.8%	26.5%	27.5%	28.4%

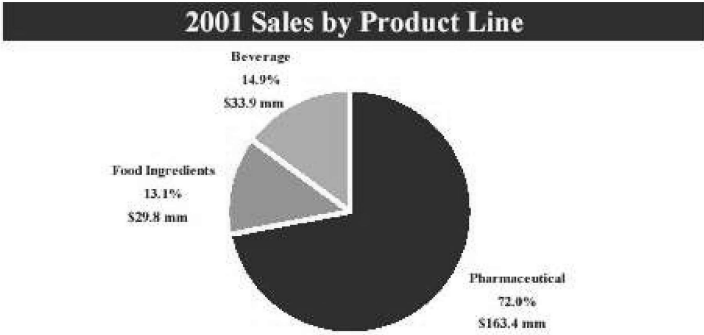
(1) Historical and projected financials are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

(2) Source: Publicly available financials and Wall St. Research reports.

(3) Adjusted for goodwill amortization as per FAS 142.

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Segment Overview – Pharmaceutical, Food & Beverage

Business Overview

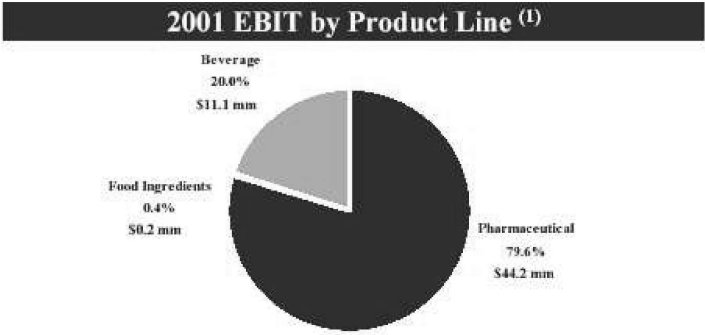


Products

- Pharmaceutical
- Excipients

End Markets

- Pharmaceutical
- Tablets



Key Competitors

- Pharmaceutical
- BASF

<ul style="list-style-type: none"> – Bioadhesives – Antiseptics – Oral Care • Food Ingredients <ul style="list-style-type: none"> – Alginates and derivatives based on natural seaweed extracts • Beverage <ul style="list-style-type: none"> – PVP Polymers used as stabilizers and clarifiers in beverages 	<ul style="list-style-type: none"> – Toothpaste – Denture Adhesives – Disinfectant Creams • Food Ingredients <ul style="list-style-type: none"> – Dairy Products – Pie Fillings and Desserts – Salad Dressings – Control Release Technology for Pharmaceuticals – Beverages and Beer • Beverage <ul style="list-style-type: none"> – Beer – Wine 	<ul style="list-style-type: none"> – Dow Chemical – Hercules – Noveon • Food Ingredients <ul style="list-style-type: none"> – FMC – Kimitsu – Kibun – New Chinese Entrants • Beverage <ul style="list-style-type: none"> – BASF – Millennium – W.R. Grace
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(1) Adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

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Segment Overview – Pharmaceutical, Food & Beverage

Overview of International Specialty Products Inc.

Financial Benchmarking

Segment Financials (1)

(\$ in millions)	Historical		Estimated		Projected			CAGR		
	1999	2000	2001	2002E	2003E	2004E	2005E	2006E	99-02E	02E-06E
Net Sales	\$175.5	\$223.5	\$227.1	\$239.7	\$254.8	\$270.4	\$286.7	\$305.0	11.0%	6.2%
% Growth	NA	27.4 %	1.6 %	5.5 %	6.3 %	6.1 %	6.0 %	6.4 %		
Cost of Sales	92.7	124.6	126.9	133.6	141.9	150.8	159.5	169.6		
Gross Profit	82.8	98.9	100.2	106.1	112.9	119.6	127.2	135.4	8.6%	6.3%
% Margin	47.2 %	44.3 %	44.1 %	44.3 %	44.3 %	44.2 %	44.4 %	44.4 %		
SG&A Expense	37.2	46.8	44.7	48.3	50.6	52.8	55.6	60.0		
% of Sales	21.2 %	20.9 %	19.7 %	20.2 %	19.9 %	19.5 %	19.4 %	19.7 %		
EBIT	45.6	52.1	55.5	57.8	62.3	66.8	71.6	75.4	8.2%	6.9%
% Margin	26.0 %	23.3 %	24.4 %	24.1 %	24.5 %	24.7 %	25.0 %	24.7 %		
D&A	10.8	14.6	15.3	17.0	17.7	18.0	18.3	18.7		
% Margin	6.2 %	6.5 %	6.7 %	7.1 %	6.9 %	6.6 %	6.4 %	6.1 %		
EBITDA	56.4	66.7	70.8	74.8	80.0	84.8	89.9	94.1	9.9%	5.9%
% Margin	32.2 %	29.9 %	31.2 %	31.2 %	31.4 %	31.3 %	31.4 %	30.8 %		

Benchmarking Analysis (2)

	Growth			Profitability Margins				
	2001 Sales (US\$)	Historical Sales ('99-'01)	Projected Sales ('02-'04)	2001 Gross	2001 EBIT (3)	2001 EBITDA	Average EBITDA ('99-'01)	Average EBITDA ('02-'04)
Cambrex	\$ 498.9	1.8%	6.1%	36.9%	16.0%	24.2%	25.6%	25.3%
FMC Specialty Chemicals	472.0	(8.6%)	4.8%	NA	18.8%	26.3%	23.8%	NA
Sensient Technologies	492.0	(0.4%)	NA	32.8%	15.9%	20.5%	21.0%	NA
Mean	\$ 487.6	(2.4%)	5.4%	34.8%	16.9%	23.7%	23.5%	25.3%
ISP Pharma, Food, and Beverage	\$ 227.1	3.3%(4)	6.2%	44.1%	24.4%	31.2%	31.1%	31.3%

(1) Historical and projected financials are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

(2) Source: Publicly available financials and Wall St. Research reports.

(3) Adjusted for goodwill amortization as per FAS 142.

(4) Organic growth only.

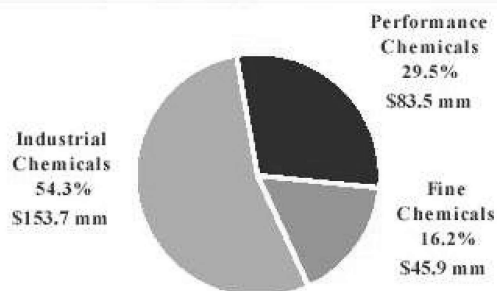
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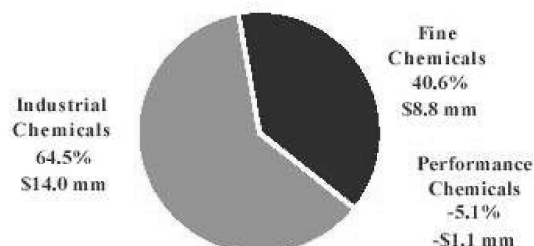
Overview of International Specialty Products Inc.

Business Overview

2001 Sales by Product Line



2001 EBIT by Product Line ⁽¹⁾



- Products**
- Performance Chemicals
 - Polymers for industrial markets and agriculture

- Fine Chemicals
 - Bulk Pharmaceuticals
 - Pharmaceutical Intermediates
 - Imaging Dyes & Polymers

- Industrial Chemicals
 - Butanediol (BDO)
 - Tetrahydrofuran (THF)
 - N-Methyl Pyrrolidone (NMP)
 - Propargyl Alcohol

- End Markets**
- Performance Chemicals
 - Detergents
 - Household Cleaners
 - Inkjet Paper
 - Coatings
 - Adhesives
 - Agriculture
 - Fine Chemicals
 - Custom Manufacturing for Pharmaceuticals
 - Photography Film

- Industrial Chemicals
 - High Performance Plastics
 - Lubricating Oils
 - Chemical Processing
 - Electronics Cleaning Coatings
 - Agriculture

- Key Competitors**
- Performance Chemicals
 - BASF
 - Ciba
 - National Starch
 - Penford
 - Fine Chemicals
 - BASF
 - Cambrex
 - Dow Chemical
 - Eastman Chemical
 - Lonza
 - New Chinese Entrants
 - Industrial Chemicals
 - BASF
 - BP Amoco
 - Lyondell
 - Mitsubishi
 - SISAS
 - New Taiwanese Producers

(1) Adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

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Overview of International Specialty Products Inc.

Financial Benchmarking

Segment Financials (1)

(\$ in millions)

(\$ in millions)	Historical		Estimated		Projected			CAGR		
	1999	2000	2001	2002E	2003E	2004E	2005E	2006E	99-02E	02E-06E
Net Sales	\$337.4	\$299.4	\$283.2	\$288.8	\$275.6	\$284.5	\$292.6	\$301.5	(5.1%)	1.1%
% Growth	NA	(11.3 %)	(5.4 %)	2.0 %	(4.6 %)	3.2 %	2.8 %	3.0 %		
Cost of Sales	237.0	240.2	210.3	231.3	217.7	222.0	226.1	231.4		
Gross Profit	100.4	59.2	72.9	57.4	57.8	62.4	66.4	70.0	(17.0%)	5.1%
% Margin	29.8 %	19.8 %	25.7 %	19.9 %	21.0 %	21.9 %	22.7 %	23.2 %		
SG&A Expense	53.1	50.5	51.2	55.8	56.7	57.8	57.9	58.1		
% of Sales	15.7 %	16.9 %	18.1 %	19.3 %	20.6 %	20.3 %	19.8 %	19.3 %		
EBIT	47.3	8.7	21.7	1.6	1.1	4.6	8.5	11.9	(67.7%)	65.2%
% Margin	14.0 %	2.9 %	7.7 %	0.6 %	0.4 %	1.6 %	2.9 %	3.9 %		
D&A	20.8	19.6	19.1	20.5	19.1	18.9	18.7	18.4		
% Margin	6.2 %	6.5 %	6.7 %	7.1 %	6.9 %	6.6 %	6.4 %	6.1 %		

EBITDA	68.1	28.3	40.8	22.1	20.2	23.5	27.2	30.3	(31.3%)	8.2%
<i>% Margin</i>	<i>20.2 %</i>	<i>9.4 %</i>	<i>14.4 %</i>	<i>7.7 %</i>	<i>7.3 %</i>	<i>8.3 %</i>	<i>9.3 %</i>	<i>10.1 %</i>		

Benchmarking Analysis (2)

	Growth			Profitability Margins				
	2001 Sales (US\$)	Historical Sales ('99-'01)	Projected Sales ('02-'04)	2001 Gross	2001 EBIT (3)	2001 EBITDA	Average EBITDA ('99-'01)	Average EBITDA ('02-'04)
Lyondell Intermediate Chemicals (PO)	\$ 3,226.0	(6.5%)	6.5%	14.1%	8.5%	13.8%	15.4%	13.9%
National Starch (ICI)	2,696.9	1.7%	3.4%	NA	11.8%	16.0%	16.8%	16.1%
Penford	232.6	(1.9%)	NA	17.9%	5.1%	12.8%	13.1%	NA
Mean	\$ 2,051.8	(2.3%)	4.9%	16.0%	8.5%	14.2%	15.1%	15.0%
ISP Perf, Fine, and Industrial	\$ 283.2	(8.7%)	(0.7%)	25.7%	7.7%	14.4%	14.7%	7.8%

- (1) Historical and projected financials are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.
- (2) Source: Publicly available financials and Wall St. Research reports.
- (3) Adjusted for goodwill amortization as per FAS 142.

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Segment Overview – Mineral Products

Overview of International Specialty Products Inc.

Business Overview

Products	End Markets	Competitors
<ul style="list-style-type: none"> Ceramic Coated Roofing Granules 	<ul style="list-style-type: none"> Primarily North American roofing market 	<ul style="list-style-type: none"> 3M Minerals Research

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Segment Overview – Mineral Products

Overview of International Specialty Products Inc.

Financial Benchmarking

Segment Financials (1)

(\$ in millions)

	Historical		Estimated		Projected				CAGR	
	1999	2000	2001	2002E	2003E	2004E	2005E	2006E	99-02E	02E-06E
Net Sales	\$87.2	\$71.9	\$80.7	\$83.2	\$93.5	\$98.0	\$100.0	\$102.4	(1.6%)	5.3%
<i>% Growth</i>	<i>NA</i>	<i>(17.5 %)</i>	<i>12.2 %</i>	<i>3.1 %</i>	<i>12.4 %</i>	<i>4.8 %</i>	<i>2.0 %</i>	<i>2.4 %</i>		
Cost of Sales	57.5	49.7	56.0	57.1	63.0	66.1	67.4	69.0		
Gross Profit	29.7	22.2	24.7	26.1	30.5	31.9	32.6	33.4	(4.2%)	6.4%
<i>% Margin</i>	<i>34.1 %</i>	<i>30.9 %</i>	<i>30.6 %</i>	<i>31.4 %</i>	<i>32.6 %</i>	<i>32.6 %</i>	<i>32.6 %</i>	<i>32.6 %</i>		
SG&A Expense	12.1	9.0	12.0	9.7	11.2	11.9	12.1	12.8		
<i>% of Sales</i>	<i>13.9 %</i>	<i>12.5 %</i>	<i>14.9 %</i>	<i>11.7 %</i>	<i>12.0 %</i>	<i>12.1 %</i>	<i>12.1 %</i>	<i>12.5 %</i>		
EBIT	17.6	13.2	12.7	16.4	19.3	20.0	20.5	20.6	(2.3%)	5.9%
<i>% Margin</i>	<i>20.2 %</i>	<i>18.4 %</i>	<i>15.7 %</i>	<i>19.7 %</i>	<i>20.6 %</i>	<i>20.4 %</i>	<i>20.5 %</i>	<i>20.1 %</i>		
D&A	5.4	4.7	5.4	5.9	6.5	6.5	6.4	6.3		
<i>% Margin</i>	<i>6.2 %</i>	<i>6.5 %</i>	<i>6.7 %</i>	<i>7.1 %</i>	<i>6.9 %</i>	<i>6.6 %</i>	<i>6.4 %</i>	<i>6.1 %</i>		
EBITDA	23.0	17.9	18.1	22.3	25.8	26.5	26.9	26.9	(1.0%)	4.7%
<i>% Margin</i>	<i>26.4 %</i>	<i>24.9 %</i>	<i>22.5 %</i>	<i>26.8 %</i>	<i>27.6 %</i>	<i>27.0 %</i>	<i>26.9 %</i>	<i>26.2 %</i>		

Benchmarking Analysis (2)

	Growth			Profitability Margins				
	2001 Sales (US\$)	Historical Sales ('99-'01)	Projected Sales ('02-'04)	2001 Gross	2001 EBIT (3)	2001 EBITDA	Average EBITDA ('99-'01)	Average EBITDA ('02-'04)
Martin Marietta Materials	\$1,718.1	9.5%	NA	17.7%	12.7%	20.5%	22.2%	NA
Vulcan Materials	3,020.0	7.6%	8.2%	21.5%	13.4%	21.8%	22.1%	30.8%
Zemex Corp. Canada	57.3	(15.9%)	NA	23.9%	3.2%	13.3%	15.1%	NA
Mean	\$1,598.5	0.4%	8.2%	21.0%	9.8%	18.5%	19.8%	30.8%
ISP Mineral Products	\$80.7	(3.8%)	8.5%	30.6%	15.7%	22.5%	24.6%	27.2%

- (1) Historical and projected financials are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.
- (2) Source: Publicly available financials and Wall St. Research reports.
- (3) Adjusted for goodwill amortization as per FAS 142.

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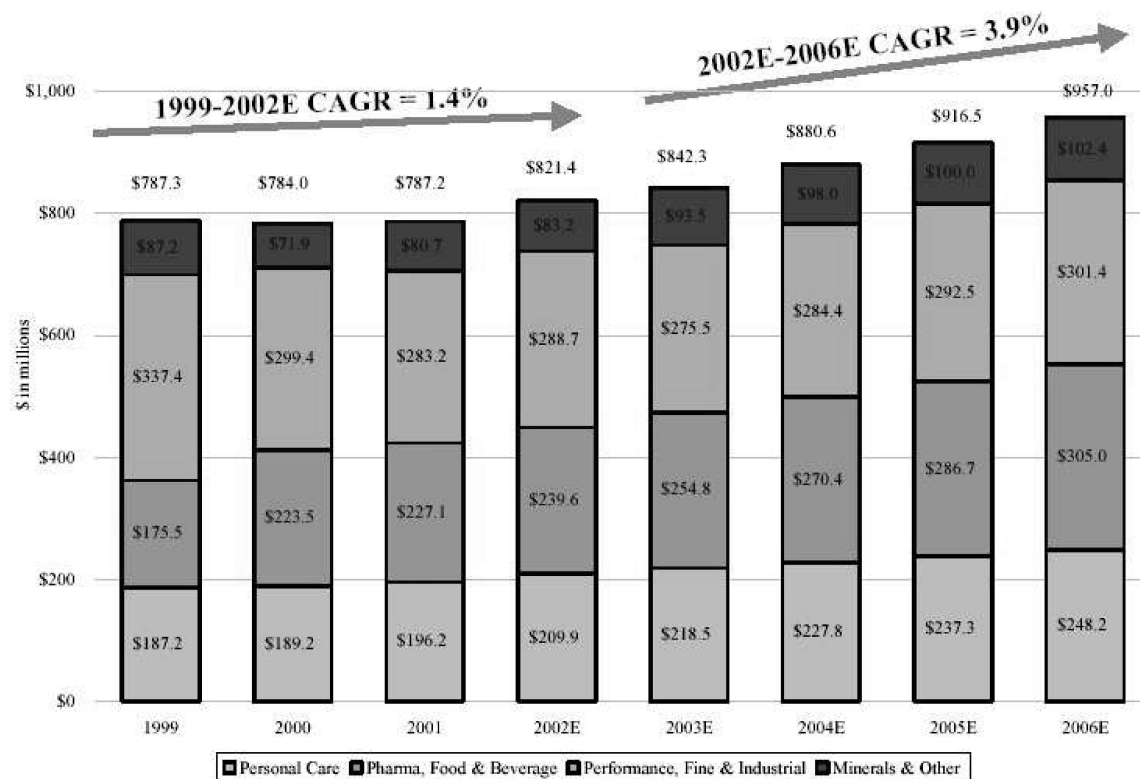
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Review of Financial Projections

Overview of International Specialty Products Inc.

Historical and Projected Sales by Segment



Note: Historical and projected financials are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

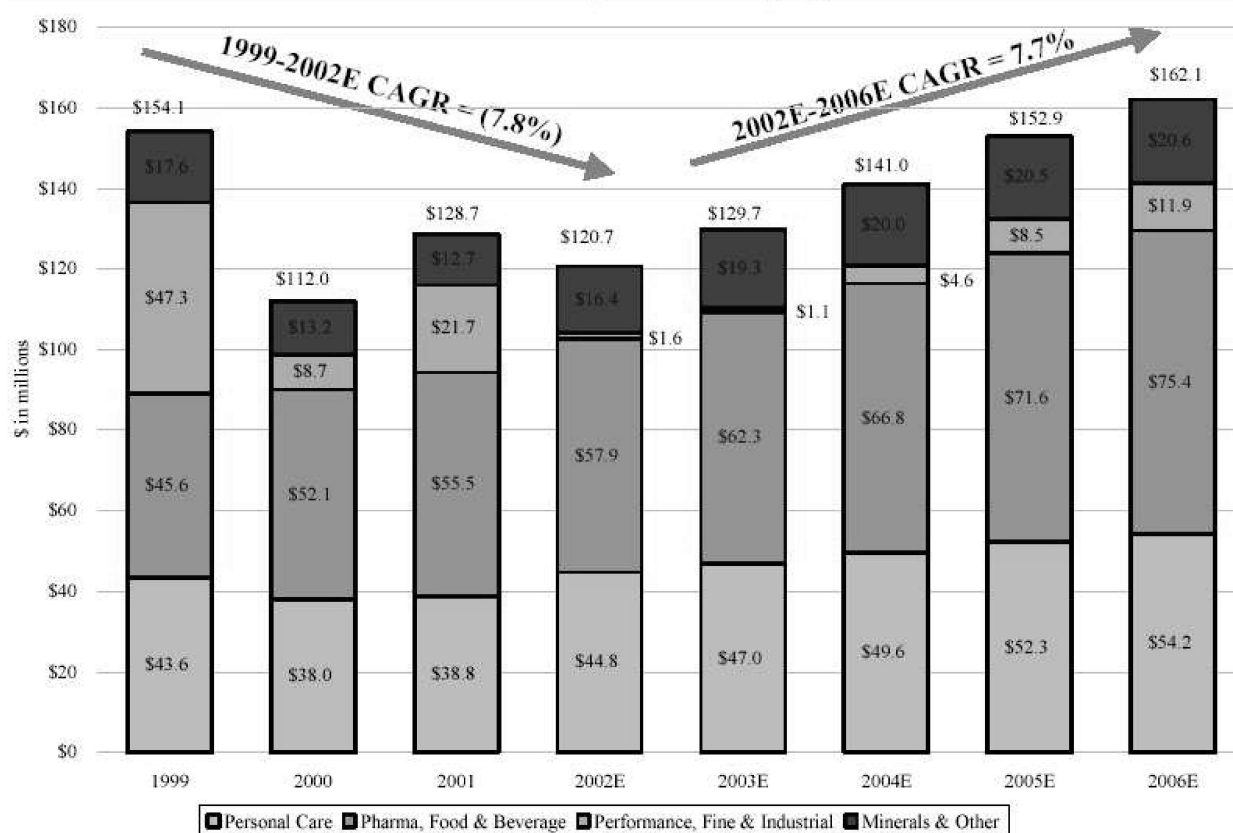
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Review of Financial Projections

Historical and Projected EBIT by Segment



Note: Historical and projected financials are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

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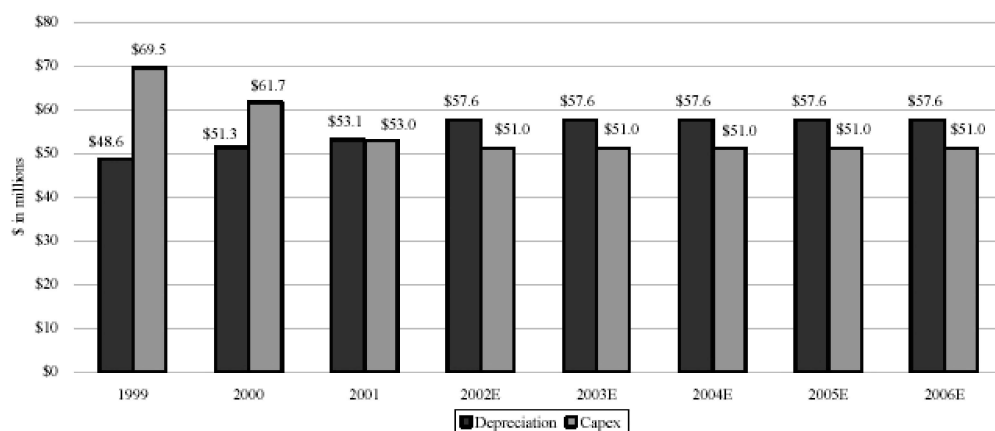
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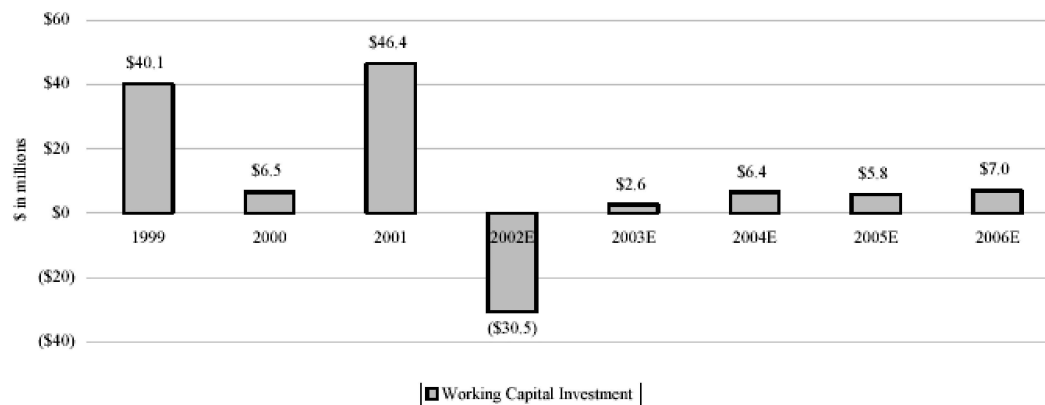
Review of Financial Projections

Overview of International Specialty Products Inc.

Capital Expenditures vs. Depreciation



Investment in Net Working Capital



Note: Historical and projected financials are from ISP management.

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DRAFT Review of Financial Projections

Overview of International Specialty Products Inc.

Summary Historical and Projected Financials

(\$ in millions)	Historical (1)				LTM (1)	Estimated	Projected				CAGR	
				2002E			2003E	2004E	2005E	2006E	'99-'02	'02-'06
	1999	2000	2001									
Net Sales	787.3	784.0	787.2	814.6	821.4	842.3	880.6	916.5	957.0	1.4 %	3.9 %	
% Growth	N/A	-0.4 %	0.4 %	N/A	4.3 %	2.5 %	4.5 %	4.1 %	4.4 %			
Gross Profit	304.9	268.8	288.0	286.9	289.8	305.5	322.7	339.7	357.2	(1.7 %)	5.4 %	
% Margin	38.7 %	34.3 %	36.6 %	35.2 %	35.3 %	36.3 %	36.6 %	37.1 %	37.3 %			
EBITDA (2)	202.7	163.0	182.5	178.1	179.1	188.1	199.5	211.4	220.7	(4.0 %)	5.4 %	
% Margin	25.7 %	20.8 %	23.2 %	21.9 %	21.8 %	22.3 %	22.7 %	23.1 %	23.1 %			
EBIT (2)	154.1	111.7	128.7	122.0	120.7	129.7	141.0	152.9	162.1	(7.8 %)	7.7 %	
% Margin	19.6 %	14.3 %	16.4 %	15.0 %	14.7 %	15.4 %	16.0 %	16.7 %	16.9 %			
Net Income (3)	\$57.3	\$118.4	\$39.4	\$36.0	\$54.5	\$41.1	\$48.6	\$56.4	\$62.9	(1.7 %)	3.7 %	
% Growth	N/A	106.6 %	-66.7 %	N/A	38.2 %	-24.6 %	18.2 %	16.2 %	11.5 %			
Fully-Diluted EPS (3)	\$0.83	\$1.74	\$0.60	\$0.55	\$0.83	\$0.62	\$0.74	\$0.86	\$0.96	(0.3 %)	3.7 %	

Source: Historical and projected financials from ISP management.

- (1) Historical financials have been adjusted to exclude goodwill amortization per FAS 142 guidelines.
- (2) Excludes income from investments and one-time charges.
- (3) Net income and EPS from continuing operations and excluding one-time and extraordinary charges. Fully diluted shares calculated using treasury method based on current stock price.

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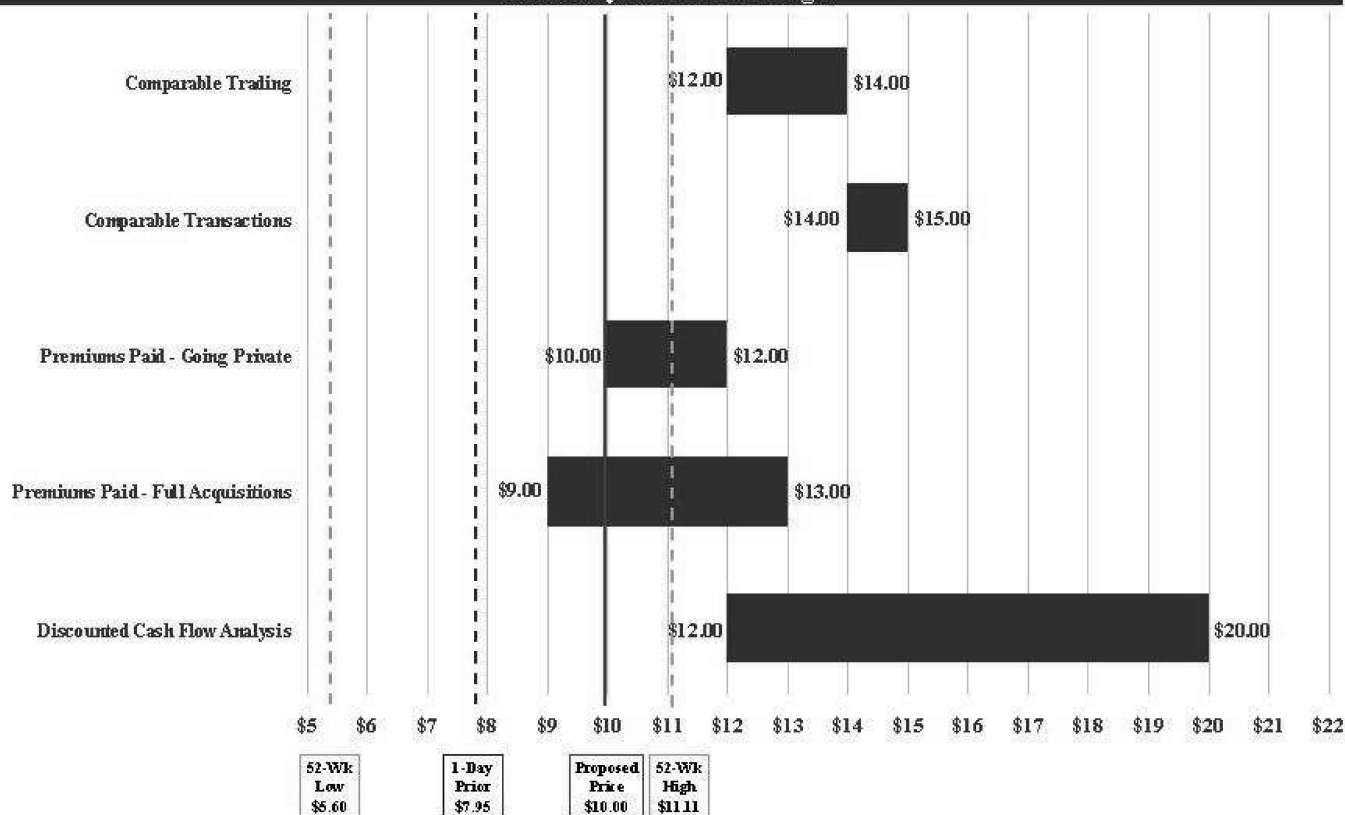
Summary Valuation Analysis

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Summary Valuation Range

Summary Valuation Analysis

Summary Valuation Range



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Summary of Financial Assets and Liabilities

Summary Valuation Analysis

Capitalization as of June 30, 2002

(\$ in millions)

Security	Amt. 6/30/02	Maturity	Interest Rate	Credit Rating
Cash & Equivalents				
Cash on balance sheet	\$122.8	NA	NA	NA
Market value of investments	0.0	NA	NA	NA
Senior Credit Facilities				
LT Revolving Credit Facility	38.4	2008	L + 275	BB+ / Ba2
Term Loan	222.8	2008	L + 225	BB+ / Ba2
Notes & Other				
Senior Secured Notes	200.0	2009	10 5/8%	B2 / B+
Senior Subordinated Notes	402.7	2011	10 1/4%	B2 / BB-
A/R Facility	23.2	NA	NA	NA
Capital leases	0.2	NA	NA	NA
Other debt	1.6	NA	NA	NA
Total Debt (incl A/R facility)	\$888.8			
Book Equity	509.1			
Total Capitalization	\$1,397.9			

Investment Portfolio as of June 30, 2002

G-I_EPA0017094

(\$ in millions)

	Total Cost	Market Value	Unrealized Gain / (Loss)
Trading Securities:	\$103.0	\$98.0	(\$ 5.0)
Available for Sale Securities:	203.3	180.2	(23.1)
Total Value of Portfolio:	\$306.3	\$278.2	(\$28.1)

Market Value of Portfolio	\$278.2
Incr. Tax Benefit at 34%	9.6
Net Cash Proceeds from sale	\$287.8

Shares / Options Outstanding as of June 30, 2002

Shares Outstanding (mm)	64.9
Options Outstanding (mm)	3.6
Weighted Average Exercise Price	\$10.42

Source: ISP management.
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DRAFT Valuation of Other Liabilities

Summary Valuation Analysis

(\$ in millions)

Valuation of Other Liabilities

Liability / Reserve	Assumed Value (\$ in mm)	Comments
Environmental (incl. Linden)	\$0.0	Management believes that insurance recoveries and divestiture proceeds will fully offset remediation costs
Product Liability	0.0	Management believes that no meaningful liability exists
Asbestos Liabilities	0.0	Management believes that it has no responsibility for the asbestos liabilities of G-I Holdings. However, in the event that Mr. Heyman were to lose the fraudulent conveyance case and the ISP spin-off was unwound, ISP assets may be subject to payments to asbestos litigants.
Tax Liabilities	17.6	Primarily reserve for potential IRS challenge of \$40mm capital loss
Minority Interest in JVs	0.4	Valued at book value
Book Value Plan / SARs	7.3	Utilized by the Company for executive compensation, primarily in place of options. Valued at "in-the-money" value
Total	\$25.3	

Calculation of Net Non-Operating Liabilities

(\$ in millions)

	As of 6/30/02
Total Debt	\$865.6
A/R Facility	23.2
Other Liabilities / Reserves	25.3
Cash on Balance Sheet	(122.8)
After-Tax Mkt Value of Investment Portfolio	(287.8)
Net Non-Operating Liabilities	\$503.5

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Summary Valuation Analysis

Purchase Price Ratio Analysis

(\$ and shares in millions except per share data)

	1-Day Prior	Proposed Price	Range of Purchase Prices						
Price Per Share	\$ 7.95	\$ 10.00	\$ 11.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00	\$16.00	\$ 17.00
% Premium to Proposed Price	(20.5 %)	0.0 %	10.0 %	20.0 %	30.0 %	40.0 %	50.0 %	60.0 %	70.0 %
% Premium to Pre-Announcement Price	0.0 %	25.8 %	38.4 %	50.9 %	63.5 %	76.1 %	88.7 %	101.3 %	113.8 %
% Prem. to 52-Wk High Prior to Proposal (\$11.11)	(28.4 %)	(10.0 %)	(1.0 %)	8.0 %	17.0 %	26.0 %	35.0 %	44.0 %	53.0 %
% Prem. to 52-Wk Low Prior to Proposal (\$5.60)	42.0 %	78.6 %	96.4 %	114.3 %	132.1 %	150.0 %	167.9 %	185.7 %	203.6 %
Common Shares Outstanding (as of 6/30/02)	64.9	64.9	64.9	64.9	64.9	64.9	64.9	64.9	64.9
Value of Common Shares	\$ 516.3	\$ 649.4	\$ 714.4	\$ 779.3	\$ 844.3	\$ 909.2	\$ 974.1	\$1,039.1	\$1,104.0
Net Value of Options (1)	1.7	3.8	5.9	8.2	11.1	14.0	17.0	20.2	23.7
Plus: Net Non-Operating Liabilities (2)	503.5	503.5	503.5	503.5	503.5	503.5	503.5	503.5	503.5
Enterprise Value	\$1,021.6	\$1,156.8	\$1,223.8	\$1,291.1	\$1,358.9	\$1,426.7	\$1,494.7	\$1,562.8	\$1,631.3

Enterprise Value to:	Data (3)	Multiple								
LTM Revenues	\$ 814.6	1.25x	1.42x	1.50x	1.58x	1.67x	1.75x	1.83x	1.92x	2.00x
2002E Revenues	\$ 821.4	1.24x	1.41x	1.49x	1.57x	1.65x	1.74x	1.82x	1.90x	1.99x
2003E Revenues	\$ 842.3	1.21x	1.37x	1.45x	1.53x	1.61x	1.69x	1.77x	1.86x	1.94x
LTM EBITDA	\$ 178.1	5.7x	6.5x	6.9x	7.2x	7.6x	8.0x	8.4x	8.8x	9.2x
2002E EBITDA	\$ 179.1	5.7x	6.5x	6.8x	7.2x	7.6x	8.0x	8.3x	8.7x	9.1x
2003E EBITDA	\$ 188.1	5.4x	6.1x	6.5x	6.9x	7.2x	7.6x	7.9x	8.3x	8.7x
LTM EBIT	\$ 122.0	8.4x	9.5x	10.0x	10.6x	11.1x	11.7x	12.2x	12.8x	13.4x
2002E EBIT	\$ 120.7	8.5x	9.6x	10.1x	10.7x	11.3x	11.8x	12.4x	13.0x	13.5x
2003E EBIT	\$ 129.7	7.9x	8.9x	9.4x	10.0x	10.5x	11.0x	11.5x	12.0x	12.6x
Share Price to:										
LTM EPS	\$ 0.55	14.3x	18.0x	19.8x	21.7x	23.5x	25.3x	27.1x	28.9x	30.7x
2002E EPS	\$ 0.83	9.6x	12.1x	13.3x	14.5x	15.7x	16.9x	18.1x	19.3x	20.6x
2003E EPS	\$ 0.62	12.7x	16.0x	17.6x	19.2x	20.8x	22.4x	24.1x	25.7x	27.3x

(1) Implied market value of "in-the-money" options calculated using the treasury method.

(2) As of 6/30/02; comprised of total debt and other non-operating liabilities less cash on balance sheet and after-tax market value of short-term investments.

(3) Historical and projected figures are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

Summary Valuation Analysis

Absolute Stock Price Performance

Stock Price Performance Since IPO



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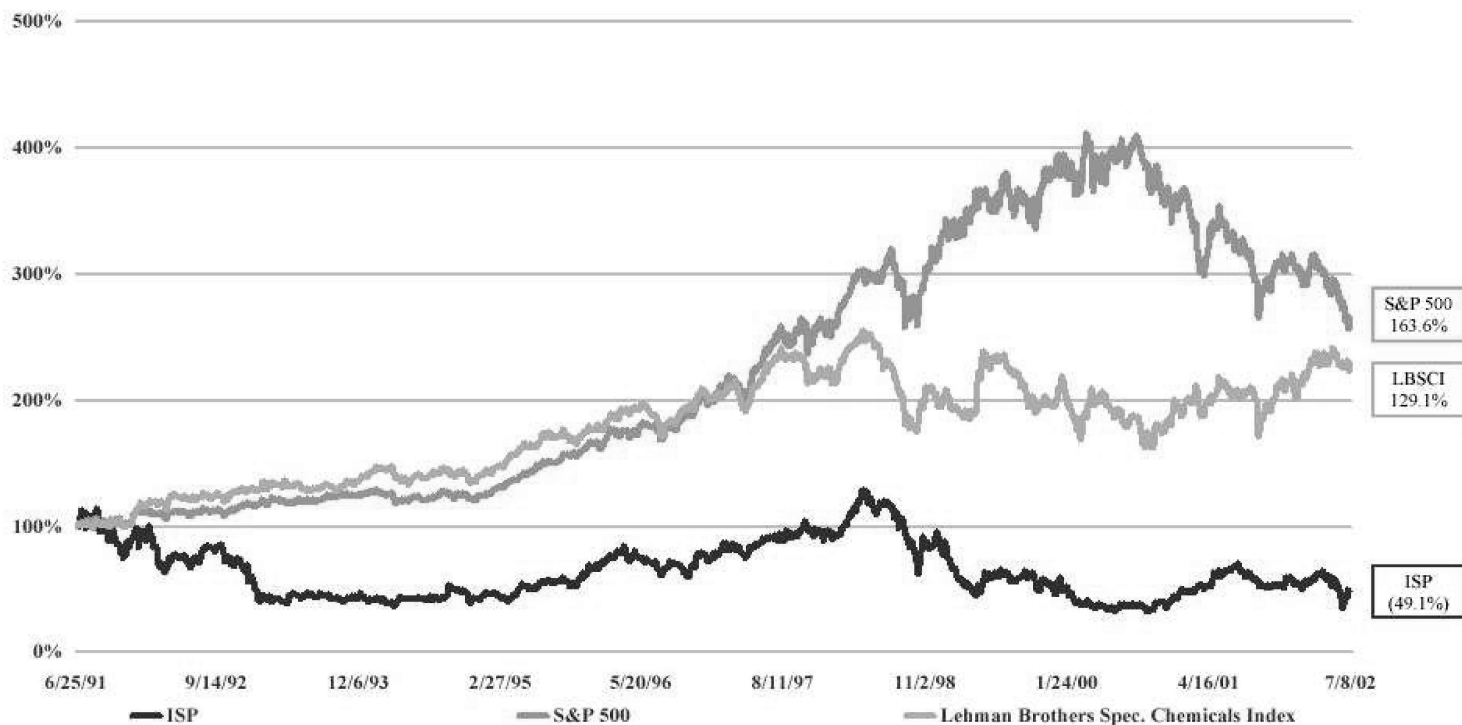
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Historical Stock Price Performance

Summary Valuation Analysis

Relative Stock Price Performance

Index Stock Price Performance Since IPO (6/25/91-7/8/02)

Indexed Price



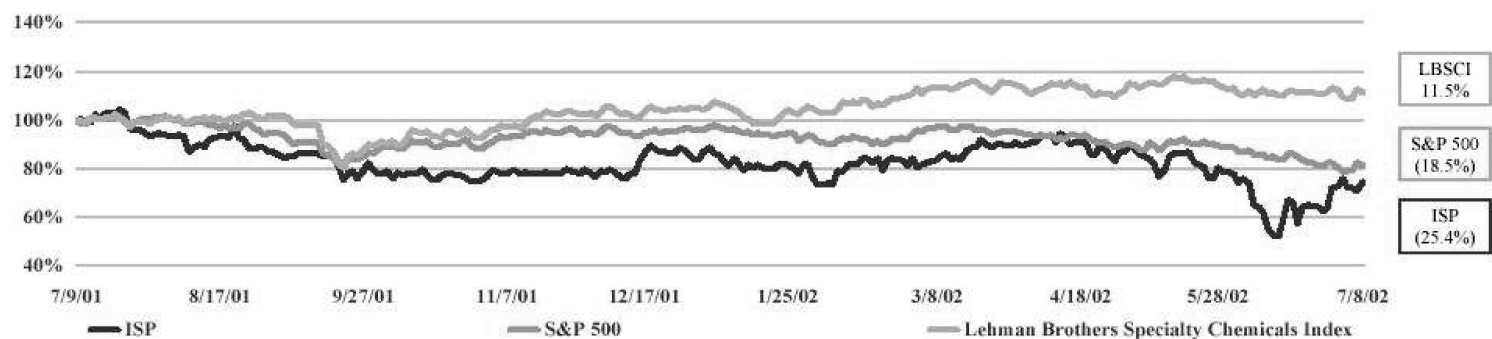
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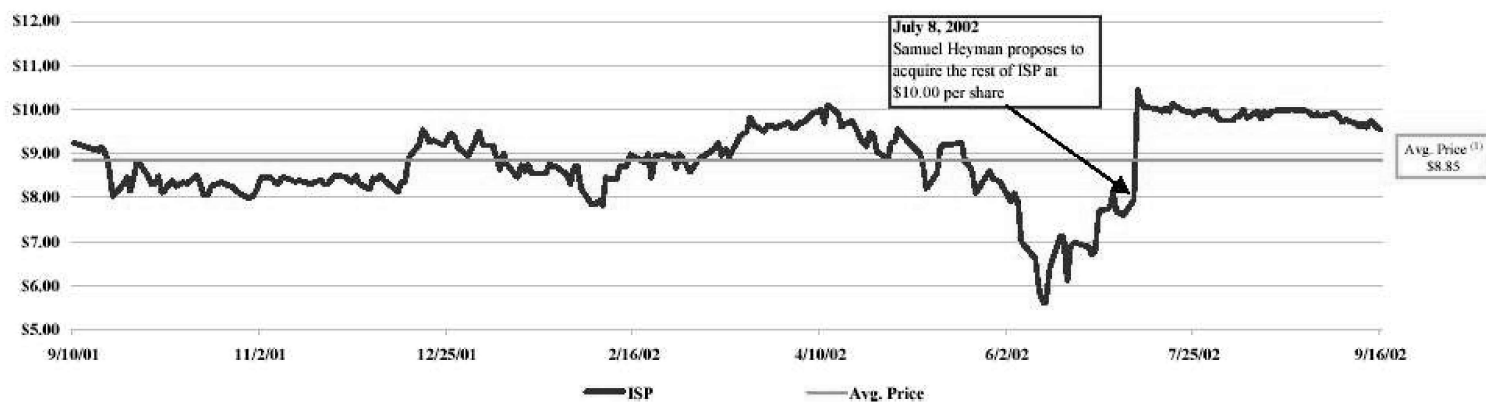
Historical Stock Price Performance

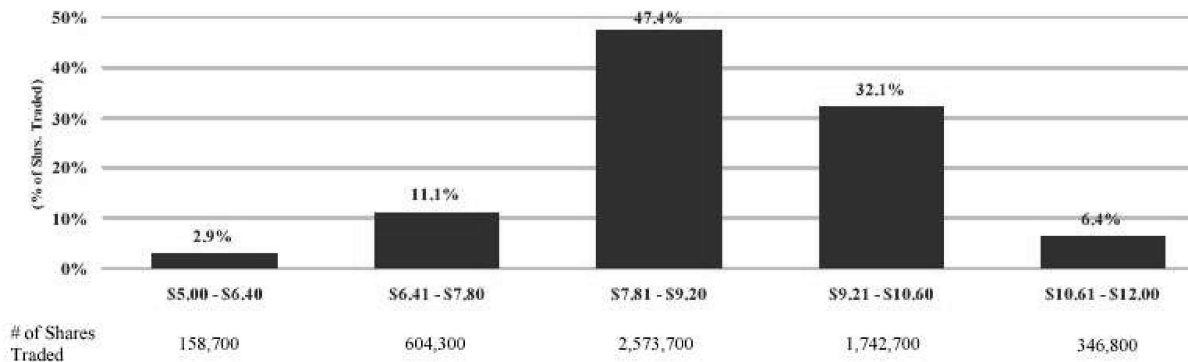
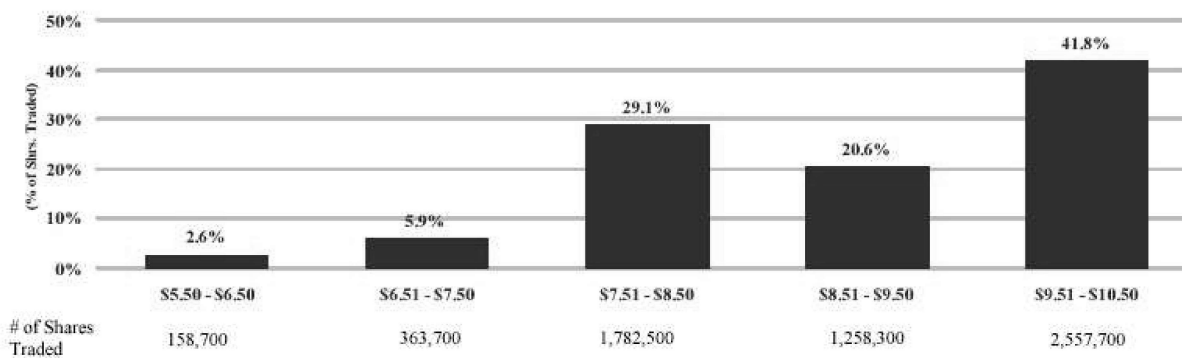
Summary Valuation Analysis

1-Year Indexed Stock Price Performance (7/9/01-7/8/02)



1-Year Stock Price Performance



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Historical Stock Price Performance**Summary Valuation Analysis****Analysis of Shares Traded – Twelve Months Ending****% of Shares Traded (as of July 8, 2002)****% of Shares Traded (as of September 16, 2002)****DRAFT**
Comparable Trading Analysis**Summary Valuation Analysis****Comparable Trading Analysis (1)**(Currency and shares in millions except
per share date)

Enterprise Value as a Multiple of:

Companies	Price 16-Sep-02	Equity Value	Enterprise Value	Enterprise Value as a Multiple of:								
				Sales			EBITDA			EBIT		
				LTM	2002E	2003E	LTM	2002E	2003E	LTM	2002E	2003E
Albemarle	\$28.98	1,223.4	1,400.9	1.47x	1.46x	1.40x	7.1x	7.6x	6.9x	13.0x	13.0x	11.4x
Arch Chemicals	\$19.55	437.9	603.2	0.68x*	NA*	NA*	8.6x	NA*	NA*	44.7x*	NA*	NA*
Cambrex	\$36.91	984.2	1,245.3	2.41x	2.29x	2.15x	10.8x	9.4x	8.5x	15.8x	13.5x	11.8x
Croda	£ 2.45	333.0	396.6	1.27x	1.30x	1.26x	7.1x	7.1x	6.8x	9.7x	9.9x	9.4x
Intl Flavors & Fragrances	\$31.40	2,975.2	4,082.5	2.26x	2.27x	2.21x	9.5x	9.8x	9.0x	11.7x	12.2x	11.1x

Penford	\$13.95	111.8	216.5	0.94x	0.93x	0.82x	6.4x	6.1x	5.3x	14.0x	13.2x	10.1x
Sensient Technologies	\$22.70	1,074.6	1,587.8	1.83x	1.75x	1.65x	8.9x	8.5x	7.9x	11.2x	10.8x	9.9x
			Maximum	2.41x	2.29x	2.21x	10.8x	9.8x	9.0x	15.8x	13.5x	11.8x
			Mean	1.70x	1.67x	1.58x	8.3x	8.1x	7.4x	12.6x	12.1x	10.6x
			Median	1.65x	1.60x	1.52x	8.6x	8.0x	7.4x	12.3x	12.6x	10.6x
			Minimum	0.94x	0.93x	0.82x	6.4x	6.1x	5.3x	9.7x	9.9x	9.4x
ISP Valuation at \$10.00 Offer Price	\$10.00	653.3	1,156.8	1.42x	1.41x	1.37x	6.5x	6.5x	6.1x	9.5x	9.6x	8.9x
ISP Valuation Metrics												
Selected Multiples							8.0x	8.0x	7.5x	11.0x	11.0x	10.5x
Relevant ISP Statistic (2)							\$ 178.1	\$ 179.1	\$ 188.1	\$ 122.0	\$ 120.7	\$ 129.7
Implied Enterprise Value at Selected Multiples:							\$1,424.9	\$1,432.7	\$1,411.0	\$1,342.3	\$1,327.3	\$1,361.8
<i>less: Net non-operating liabilities (3)</i>							(503.5)	(503.5)	(503.5)	(503.5)	(503.5)	(503.5)
Implied Equity Value at Selected Multiples:							\$ 921.4	\$ 929.1	\$ 907.5	\$ 838.7	\$ 823.7	\$ 858.3
<i>Fully diluted shares outstanding (4)</i>							65.9	66.0	65.9	65.8	65.7	65.8
Implied Price per Share:							\$ 13.97	\$ 14.09	\$ 13.77	\$ 12.76	\$ 12.53	\$ 13.04
							\$ 12.00 – \$ 14.00					

Note: Summary Multiples exclude numbers that are Negative, Not Meaningful, and (*) figures.

(1) Trading multiples for comparable specialty companies based on actual prices as of the most recent closing date.

(2) Historical and projected figures are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

(3) As of 6/30/02; comprised of total debt and other non-operating liabilities less cash on balance sheet and after-tax market value of short-term investments.

(4) Includes dilution from options calculated using the treasury method.

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Comparable Transaction Analysis

Summary Valuation Analysis						
Comparable Transaction Analysis						
(Currency and shares in millions except per share data)						
Date Announced	Target Acquiror	Offer Value	Transaction Value	Transaction Value to:		
				LTM Sales	LTM EBITDA	LTM EBIT
17-Jul-02	Haarmann & Reimer (Bayer) EQT Northern Europe Private Equity Fund	€ 1,660.0	€ 1,660.0	1.90x	9.8x	14.6x
12-Sep-01	Cognis BV (Henkel KGaA) Investor Group	€ 2,500.0	€ 2,500.0	0.78x	7.1x	11.4x
29-Mar-01	Ascot PLC Dow Chemical	£ 305.2	£ 439.5	1.99x	10.0x	15.9x
15-Dec-00	Laporte Degussa	\$ 2,010.4	\$ 1,656.8	2.64x	10.1x	13.6x
29-Nov-00	BF Goodrich Performance Materials AEA Investors	\$ 1,200.0	\$ 1,400.0	1.18x	6.4x	10.3x
02-Aug-00	Catalytica Pharmaceuticals, Inc. DSM	\$ 750.0	\$ 800.0	1.89x	10.5x	13.6x
06-Jul-00	Hickson International Arch Chemicals	\$ 95.6	\$ 128.6	0.59x	7.0x	17.4x
01-Jun-99	Witco Crompton & Knowles	\$ 1,082.1	\$ 1,836.6	0.96x	8.3x	17.2x

Implied Offer Price

ISP Share Price Data:	\$ 7.95	\$ 7.82	\$ 6.92	\$ 8.32
At Mean Premium	\$ 11.45	\$ 11.39	\$ 10.26	\$ 12.62
At Median Premium	\$ 10.24	\$ 10.30	\$ 9.24	\$ 11.45
	\$ 9.00 – \$ 13.00			

Sources: Deal data from Thomson Financial Securities Data with supplemental information from press releases; stock prices are from Factset.

- (1) Completed going-private transactions > \$100 million where the acquiror had greater than 50% ownership in target. Public buyers only, excludes Investor Groups, LBOs, and MBOs. Period from 1998-2002.
- (2) All completed transactions > \$100 million and excluding finance, technology, and share repurchases. Public buyers only, excludes Investor Groups, LBOs, and MBOs. Period from 2000-2002.

LEHMAN BROTHERS

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DRAFT**Discounted Cash Flow Analysis****Summary Valuation Analysis**

- Lehman Brothers performed a “Discounted Cash Flow” (“DCF”) analysis of the operating projections provided by ISP management
- ISP management believes that these projections reflect the best assessment of the Company’s business prospects. These projections were also presented to ISP’s Board of Directors in April 2002
- These projections were extended by one year by Lehman Brothers based on an extrapolation of operating trends
- The DCF valuation consists of two components:
 - Present value of cash flows for the years 2003 to 2007
 - Present value of terminal value based on perpetuity growth rate of 3% to 5%, consistent with the Company’s long-term projected growth rate
- Cash flows and terminal value were discounted back to December 31, 2002 at a discount rate of 9% to 11% for the businesses, based on an analysis of the weighted average cost of capital for comparable companies

Summary Operating Projections

(\$ in millions)

	Historical (1)				Projected(1)				
	1999A	2000A	2001A	2002E	2003E	2004E	2005E	2006E	2007E
Sales	\$787.3	\$784.0	\$787.2	\$ 821.4	\$842.3	\$880.6	\$916.5	\$957.0	\$995.1
% Growth	NA	(0.4 %)	0.4 %	4.8 %	7.0 %	4.5 %	4.1 %	4.4 %	4.0 %
EBITDA	202.7	163.0	182.5	179.1	188.1	199.5	211.4	220.7	227.2
% Margin	25.7 %	20.8 %	23.2 %	21.8 %	22.3 %	22.7 %	23.1 %	23.1 %	22.8 %
Depreciation	48.6	51.3	53.1	57.6	57.6	57.6	57.6	57.6	57.6
Amortization of Intangibles	0.0	0.0	0.6	0.8	0.8	0.9	0.9	1.0	1.0
EBIT	154.1	111.7	128.7	120.7	129.7	141.0	152.9	162.1	168.6
Less: Cash Taxes @ 34.0%	52.4	38.0	43.8	41.0	44.1	47.9	52.0	55.1	57.3
Tax-effected EBIT	101.7	73.7	85.0	79.6	85.6	93.1	100.9	107.0	111.2
Plus: Depreciation	48.6	51.3	53.1	57.6	57.6	57.6	57.6	57.6	57.6
Plus: Amortization of Intangibles	0.0	0.0	0.6	0.8	0.8	0.9	0.9	1.0	1.0
Less: Capital Expenditures	(69.5)	(61.7)	(53.0)	(51.0)	(51.0)	(51.0)	(51.0)	(51.0)	(57.6)
Less: Changes in Working Capital	(40.1)	(6.5)	(46.4)	30.5	(2.6)	(6.4)	(5.8)	(7.0)	(7.3)
Free Cash Flow	\$ 40.7	\$ 56.9	\$ 39.3	\$ 117.6	\$ 90.5	\$ 94.1	\$102.7	\$107.5	\$104.9
% FCF Growth Rate	NM	39.6 %	(30.9 %)	199.4 %	(23.1 %)	4.0 %	9.1 %	4.7 %	(2.4 %)

- (1) Historical and projected figures are from ISP management. Historical figures have been adjusted for goodwill amortization as per FAS 142 guidelines as well as one-time and extraordinary charges.

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Summary Valuation Analysis

Discounted Cash Flow Analysis

(\$ in millions except per share data)

(\$ in millions except per share data)

Discount Rate	PV of Cash Flows ('03-'07) ⁽¹⁾	PV of Terminal Value @ Perpetuity FCF Growth Rate ⁽²⁾			=	Enterprise Value			Terminal Value as % of Enterprise Value		
		3.0%	4.0%	5.0%		3.0%	4.0%	5.0%	3.0%	4.0%	5.0%
9.0%	\$385.8	\$1,170.9	\$1,418.7	\$1,790.4		\$1,556.7	\$1,804.5	\$2,176.2	75.2%	78.6%	82.3%
9.5%	\$380.7	\$1,056.3	\$1,260.5	\$1,555.4		\$1,437.1	\$1,641.2	\$1,936.2	73.5%	76.8%	80.3%
10.0%	\$375.7	\$958.8	\$1,129.4	\$1,368.4		\$1,334.5	\$1,505.2	\$1,744.1	71.8%	75.0%	78.5%
10.5%	\$370.8	\$874.8	\$1,019.2	\$1,216.1		\$1,245.6	\$1,390.0	\$1,586.9	70.2%	73.3%	76.6%
11.0%	\$366.0	\$801.8	\$925.3	\$1,089.9		\$1,167.9	\$1,291.3	\$1,455.9	68.7%	71.7%	74.9%

Discount Rate	Net Liabilities 06/30/02 ⁽³⁾	Total Equity Value @ Perpetuity FCF Growth Rate			=	Equity Value per Share @ Perpetuity FCF Growth Rate ⁽⁴⁾			Equivalent Multiple of Terminal Value EBITDA		
		3.0%	4.0%	5.0%		3.0%	4.0%	5.0%	3.0%	4.0%	5.0%
9.0%	\$503.5	\$1,053.1	\$1,301.0	\$1,672.7		\$15.91	\$19.53	\$24.95	7.9x	9.6x	12.1x
9.5%	\$503.5	\$933.5	\$1,137.7	\$1,432.6		\$14.15	\$17.15	\$21.45	7.3x	8.7x	10.8x
10.0%	\$503.5	\$831.0	\$1,001.6	\$1,240.6		\$12.64	\$15.15	\$18.65	6.8x	8.0x	9.7x
10.5%	\$503.5	\$742.1	\$886.5	\$1,083.4		\$11.33	\$13.46	\$16.35	6.3x	7.4x	8.8x
11.0%	\$503.5	\$664.3	\$787.8	\$952.4		\$10.17	\$12.00	\$14.43	5.9x	6.9x	8.1x

\$12.00 - \$20.00

DCF Valuation Sensitivities to Operating Assumptions (5)

		Sales CAGR ('03-'07)				
		2.0%	3.0%	4.0%	5.0%	6.0%
Avg. EBITDA Margin ('03-'07)	20.0%	\$9.08	\$10.24	\$11.42	\$12.64	\$13.90
	21.0%	\$10.38	\$11.58	\$12.81	\$14.09	\$15.41
	22.0%	\$11.66	\$12.91	\$14.20	\$15.53	\$16.91
	23.0%	\$12.93	\$14.23	\$15.58	\$16.97	\$18.40
	24.0%	\$14.20	\$15.56	\$16.95	\$18.40	\$19.89
	25.0%	\$15.47	\$16.87	\$18.32	\$19.83	\$21.39

- (1) Present value of interim projected cash flows calculated as of January 1, 2003.
(2) Discounted 5 years; based on a free cash flow perpetuity growth rate of between 3% - 5%.
(3) As of 6/30/02; comprised of total debt and other non-operating liabilities less cash on balance sheet and after-tax market value of short-term investments.
(4) Total equity value divided by diluted shares outstanding calculated using treasury method.
(5) DCF analysis assumes a 10% WACC and terminal perpetuity growth rate of 4.0%.

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Appendices

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Weighted Average Cost of Capital

Weighted Average Cost of Capital ("WACC") Analysis

Weighted Average Cost of Capital

Cost of Equity	Historical	Predicted
Market Risk Premium (1)	7.50%	7.50%
Implied Unlevered Equity Beta (2)	0.66	0.59
Estimated Debt/Equity Ratio	26%	26%
Estimated Cost of Equity/ROE	9.8%	9.1%

Cost of Debt

Rf (10-Year T-Bond Rate)	3.94%	3.94%
Assumed Spread, bps	600	600
Assumed Marginal Tax Rate	35.0%	35.0%
Estimated After-tax Cost of Debt	6.46%	6.46%

Target Capital Structure (3)

Debt	20.3%	20.3%
Common Equity at Market	79.7%	79.7%
Total Capitalization at Market	100.0%	100.0%

Weighted Average Cost of Capital¹

Pre-tax Cost of Debt	9.9%	9.9%
After-tax Cost of Debt	6.5%	6.5%
Cost of Equity	9.8%	9.1%

Weighted Average Cost of Capital	9.1%	8.6%
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(1) Assumed risk premium of 7.50% from Ibbotson & Associates.

(2) Mean of unlevered beta estimates for comparable companies from Barra's U.S. Equity Beta Book dated August 30, 2002.

(3) Target capital structure based on the mean for comparable companies.

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DRAFT ISP Ownership Profile

ISP Ownership Profile

Shareholder Profile

	Shares Held	% Shares Outstanding	Options Held	% Fully Diluted Shares
Samuel Heyman (1)	52,088,840	80.2%	239,200	76.3%
Institutional Shareholders (1)				
Dimensional FD Advisors, Inc.	2,716,700	4.2%		4.0%
Tweedy, Browne, Company, L.L.C	759,988	1.2%		1.1%
California Public Emp Ret Sys	575,200	0.9%		0.8%
Barclays Global Investors, N.A.	520,731	0.8%		0.8%
Vanguard Group	302,478	0.5%		0.8%
Northern Trust Company	291,256	0.4%		0.4%
Charles Schwab Investment Mgmt	167,534	0.3%		0.2%
State Str Global Advisors (US)	167,534	0.3%		0.2%
Brandywine Asset Mgmt, Inc.	153,400	0.2%		0.2%
Alliance Capital Mgmt L.P.	126,400	0.2%		0.2%
Top 10 Institutional Shareholders	5,781,221	8.9%		8.4%
Other Institutions	883,903	1.4%		1.3%
Total Institutional Ownership	6,665,124	10.3%		9.7%
Total Insider Ownership (2)	970,861	1.5%	3,362,321	6.3%
Total Retail/Other Holdings	5,217,557	8.0%		7.6%
Total Shares Outstanding (3)	64,942,382	100.0%		94.7%
Total Options Outstanding (4)	3,601,521		3,601,521	5.3%
Total Diluted Shares Outstanding	68,543,903			100.0%

(1) Per Thomson Financial Securities Data as of September 16, 2002.

(2) Per Proxy Statement April 11, 2002. Insider ownership excludes shares beneficially owned by Mr. Heyman.

(3) Per ISP 10Q; as of August 8, 2002.

(4) Per ISP management; as of June 30, 2002. WAEP of options outstanding is \$10.42.

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Review of Assumptions for Operating Projections

Review of Major Assumptions

- Core specialty volume grows at CAGR of 5.1% during the plan period on the strength of new product development and strategic alliances partially offset by natural obsolescence of existing products. Strategic alliances are expected to add \$5.0 million in new annual sales every year. Industrial volume remains constant. Reed Chemical acquisition and organic growth result in 5.3% annual CAGR in Minerals volume.
- Pricing remains flat in all segments throughout the projection period. Industrial pricing stabilizes in 2003 after dropping in 2002.
- Raw materials and energy pricing remain flat throughout the projection period or prices changes are passed on to customers.
- Manufacturing efficiencies offset inflationary increases in manufacturing transition costs.
- Loss of Polaroid business results in unabsorbed Freetown idle capacity costs of \$11.5mm in 2003, primarily due to lease payments and depreciation expense. This idle capacity cost is reduced by \$1.5mm per year as growth in core specialty volume enables absorption of idle capacity.
- Core specialty gross margins remain essentially constant throughout the projection period. Product mix remains relatively constant with no aggregate impact on gross margins. While strategic alliances will result in lower gross margins (25%), impact on aggregate margins is minimal. Industrial margins are stable throughout the planning period. Fine chemicals margins improve as capacity utilization improves at Columbus and Freetown plants. Minerals margins remain constant throughout the projection period.
- Consolidated margins improve by 210 bps due to absorption of Freetown and Columbus idle capacity.
- Foreign exchange rates remain constant at current levels throughout the projection period
- EBIT margins improve from 14.7% to 16.9% due to gross margin expansion.
- Capital expenditures are \$57mm in 2002 and remains at \$51mm throughout the projection period. Depreciation and amortization are projected at \$59mm throughout the projection period. The projections assume no further acquisitions.

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Premiums Paid Analysis

Premiums Paid Analysis

Going Private Deals – All Cash

- Range of premiums for cash going private transactions is as high as 40% to 50% due to tax and continuity of interest considerations

Selected Acquisitions of Minority Interests (Cash Deals > \$100 million) (1)

Date Announced	Target Name	Acquiror Name	Transaction Size (\$mil)	% Acquired	Premium Paid over Average Price for (2)					Final Bump (3)
					1 Day	7 Days	30 Days	90 Days		
06/17/2002	Fortress Group Inc	Lennar Corp	112.2	26.9%	16.8%	20.7%	22.5%	15.9%	0.0%	
02/19/2002	Travelocity.com Inc (Sabre Hlg)	Sabre Holdings Corp	447.2	30.0%	45.8%	42.2%	25.9%	17.3%	21.7%	
	TD Waterhouse Group Inc									
10/10/2001		Toronto-Dominion Bank	402.6	11.2%	53.2%	48.7%	49.8%	16.8%	5.6%	
05/24/2001	Unigraphics Solutions Inc	Electronic Data Systems Corp	225.0	14.0%	52.5%	58.0%	72.6%	70.4%	20.4%	
03/26/2001	CSFBdirect Inc	Credit Suisse First Boston	110.4	18.0%	140.0%	122.7%	95.7%	55.1%	50.0%	
10/27/2000	Azurix Corp(Enron Corp)	Enron Corp	330.1	33.0%	135.2%	136.9%	113.3%	70.2%	19.7%	
09/21/2000	Hertz Corp(Ford Motor Co)	Ford Motor Co	734.0	18.5%	46.4%	44.0%	28.5%	18.6%	18.3%	
08/15/2000	AAPT Ltd	Telecom Corp of New Zealand	259.1	20.1%	22.9%	23.0%	24.3%	23.7%	0.0%	
07/25/2000	Phoenix Investment Partners	Phoenix Home Life Mutual	430.1	41.0%	45.7%	43.2%	45.4%	66.8%	26.0%	
03/31/2000	Hartford Life(ITT Hartford)	Hartford Fin Svcs Group Inc	1,324.6	18.5%	12.1%	20.2%	39.1%	32.3%	14.8%	
03/24/2000	Homestead Village Inc	Security Capital Group Inc	156.8	27.7%	52.6%	54.0%	71.8%	75.9%	20.6%	
03/21/2000	Travelers Property Casualty	Citigroup Inc	2,449.3	15.0%	24.5%	28.2%	32.2%	25.1%	1.1%	
03/16/2000	Vastar Resources Inc	BP Amoco PLC	1,575.7	19.0%	31.5%	34.3%	50.5%	49.0%	16.9%	
03/14/2000	Howmet International Inc	Alcoa Inc	349.3	15.4%	13.5%	13.2%	13.1%	14.7%	12.0%	
03/07/2000	Dead Sea Works	Israel Chemicals Ltd	143.9	10.8%	9.9%	14.4%	13.4%	32.5%	0.0%	
01/31/2000	Thermo BioAnalysis(Thermo)	Thermo Instrument Systems Inc	167.9	16.0%	51.4%	52.6%	59.7%	58.6%	0.0%	
01/20/2000	Trigen Energy Corp	Elyo(Suez Lyonnaise des Eaux)	159.2	47.3%	19.4%	33.6%	35.7%	22.7%	0.0%	
12/01/1999	Boise Cascade Office Products	Boise Cascade Corp	205.3	18.1%	43.5%	52.2%	53.7%	58.5%	24.5%	
05/07/1999	J Ray McDermott SA	McDermott International Inc	514.5	37.0%	16.8%	14.2%	14.7%	28.1%	34.7%	
04/01/1999	Aqua Alliance Inc	Vivendi SA	117.1	17.0%	28.9%	22.8%	70.1%	73.4%	45.0%	

03/19/1999	Spelling Entertainment Group	Viacom Inc(Natl Amusements)	191.6	19.1%	44.4%	43.6%	42.9%	39.9%	8.3%
11/16/1998	Computer 2000 AG(Tech Data)	Tech Data Corp	135.6	20.0%	120.4%	120.7%	113.3%	116.0%	0.0%
10/27/1998	Citizens Corp(Hanover Ins Co)	Allmerica Financial Corp	212.4	18.2%	20.6%	17.4%	22.5%	23.6%	14.7%
10/25/1998	Tadiran Ltd(Koor Industries)	Koor Industries Ltd	233.6	33.6%	41.3%	46.3%	48.5%	26.3%	12.9%
10/23/1998	BA Merchant Svcs(BankAmerica)	Bank of America National Trust	339.4	32.8%	50.5%	46.0%	57.4%	44.7%	32.3%
10/19/1998	BRC Holdings Inc	Affiliated Computer Services	131.9	49.0%	16.9%	19.7%	18.6%	13.5%	0.0%
09/23/1998	J&L Specialty Steel Inc	Usinor SA	115.0	46.5%	100.2%	105.8%	72.0%	26.9%	14.5%
09/08/1998	PEC Israel Economic Corp	IDB Development Corporation	125.0	18.7%	60.0%	57.6%	49.7%	51.1%	43.1%
04/30/1998	Mycogen Corp(Dow AgroSciences)	Dow AgriSciences(Dow Chemical)	379.3	31.7%	41.8%	41.1%	48.6%	48.7%	36.6%
01/22/1998	BT Office Products Intl Inc	Koninklijke KNP BT NV	138.1	30.0%	32.5%	54.9%	71.0%	50.5%	31.0%
Maximum: \$			2,449.3	49.0%	140.0%	136.9%	113.3%	116.0%	50.0%
Mean:			407.2	25.1%	46.4%	47.7%	49.2%	42.2%	17.5%
Median:			218.7	19.6%	42.6%	43.4%	48.6%	36.2%	15.8%
Minimum:			110.4	10.8%	9.9%	13.2%	13.1%	13.5%	0.0%

Sources: Deal data from Thomson Financial Securities Data with supplemental information from press releases; stock prices are from Factset.

- (1) Completed deals only; excludes Investor Group, LBOs, and MBOs.
- (2) Premiums are based on local currency prices of the target .
- (3) % increase between initial bid and final bid.

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DRAFT Premiums Paid Analysis

Premiums Paid Analysis

Full Acquisitions – All Cash

Selected Full Acquisitions (Cash Deals>\$100 million) (1)

Date Announced	Target Name	Acquiror Name	Transaction Size (\$mil)	Premium Paid over Average Price for			
				1 Day	7 Days	30 Days	90 Days
06/21/2002	Budgens PLC	Musgrave Group Ltd	249.1	8.1%	8.5%	8.7%	16.9%
06/05/2002	Snack Foods Ltd	Arnotts Ltd (Campbell Soup Co)	143.2	27.7%	29.8%	36.0%	40.9%
05/15/2002	Boron LePore & Associates Inc	Cardinal Health Inc	202.8	20.0%	28.5%	31.2%	35.1%
05/13/2002	Lands' End Inc	Sears Roebuck & Co	1,933.2	21.5%	20.6%	22.3%	26.5%
03/27/2002	Crestline Capital Corp	Barcelo Hotels & Resorts	570.2	8.3%	7.4%	8.9%	9.9%
03/22/2002	SpaceLabs Medical Inc	Instrumentarium Corp	139.0	-7.8%	-7.4%	-3.4%	8.6%
03/18/2002	Ivex Packaging Corp(Acadia)	Alcoa Inc	451.2	0.0%	-2.4%	-2.7%	3.0%
03/11/2002	Canaan Energy Corp	Chesapeake Energy Corp	134.0	84.6%	84.9%	81.6%	80.4%
03/08/2002	Wackenhut Corp	Group 4 Falck A/S	542.3	-4.1%	-4.7%	6.0%	20.8%
02/20/2002	Sevenson Environmental Svcs	SCC Contracting Inc	169.9	17.6%	21.7%	22.8%	12.3%
02/20/2002	Oscia Inc(Great Lakes Chem)	BJ Services Co	421.4	27.3%	44.7%	57.2%	51.3%
01/29/2002	Suburban Lodges of America Inc	InTown Suites Management	109.8	13.0%	14.6%	21.6%	27.4%
12/03/2001	Paragon Trade Brands Inc	Tyco International Ltd	662.1	30.3%	31.6%	40.4%	49.1%
11/02/2001	High Plains Corp	Abengoa SA	114.3	31.2%	35.4%	46.4%	37.6%
10/30/2001	Odwalla Inc	Coca-Cola Co	180.7	28.9%	39.0%	91.0%	97.7%
09/27/2001	Gaylord Container Corp	Temple-Inland Inc	848.5	60.3%	51.6%	22.0%	37.6%
09/27/2001	Orion Power Holdings Inc	Reliant Resources Inc	4,705.5	39.6%	43.7%	30.8%	24.9%
08/29/2001	Renaissance Worldwide Inc	Aquent Inc	106.2	39.9%	51.5%	59.2%	82.7%
08/27/2001	PolyVision Corp	Steelcase Inc	181.4	21.6%	27.3%	32.8%	54.9%
08/22/2001	Arnold Industries Inc	Roadway Express Inc	553.7	4.8%	5.0%	10.7%	15.2%
08/13/2001	Cheap Tickets Inc	Cendant Corp	413.3	39.2%	38.3%	44.9%	28.9%
07/10/2001	Triton Energy Ltd	Amerada Hess Corp	3,229.3	50.5%	43.8%	46.1%	64.1%
07/02/2001	Earthgrains Co	Sara Lee Corp	2,905.9	54.8%	62.2%	57.5%	65.1%
06/18/2001	Purina Mills Inc	Land O'Lakes Inc	231.0	19.2%	19.3%	20.9%	60.3%
06/01/2001	Houghton Mifflin Co	Vivendi Universal SA	2,272.2	10.0%	8.9%	12.7%	27.8%
05/30/2001	Bacou USA Inc	Bacou SA	160.3	21.8%	19.9%	14.6%	12.7%
04/27/2001	WorldPages.com Inc	TransWestern Publishing Co LLC	142.4	36.4%	31.8%	37.9%	-9.1%
04/10/2001	Ravenswood Winery Inc	Constellation Brands Inc	157.1	72.5%	72.8%	84.4%	105.2%
03/30/2001	Hallwood Energy Corp	Pure Resources II	268.0	38.4%	34.0%	27.6%	30.3%
03/20/2001	Huntway Refining Co	Valero Energy Corp	111.6	12.4%	15.9%	29.0%	59.9%
03/16/2001	Midcoast Energy Resources Inc	Enbridge Inc	596.4	7.1%	6.0%	11.3%	21.1%
02/23/2001	Clintrials Research Inc	Inveresk Research Intl	112.3	14.3%	7.6%	-1.4%	4.1%
02/22/2001	Sunglass Hut International Inc	Luxottica Group SpA	715.0	38.3%	37.4%	43.2%	69.1%
02/05/2001	UTI Energy Corp	Patterson Energy Inc	1,408.5	8.8%	8.9%	16.3%	33.4%
01/30/2001	Wisconsin Central Transport	Canadian National Railway Co	1,199.2	14.8%	16.0%	9.2%	16.2%
01/25/2001	Sodexo Marriott Services Inc	Sodexo Alliance SA	1,144.5	28.6%	26.3%	41.7%	52.1%
01/18/2001	Texoil Inc	Ocean Energy Inc	125.4	9.1%	8.6%	12.4%	17.1%
01/18/2001	Casino Data Systems Inc	Aristocrat Leisure Ltd	177.6	7.2%	17.9%	34.4%	50.6%
01/15/2001	Rollins Truck Leasing Corp	Penske Truck Leasing Co LP	764.5	54.1%	51.8%	68.0%	93.8%
01/15/2001	Ralston Purina Co	Nestle SA	10,479.4	36.0%	37.1%	34.2%	31.2%
12/22/2000	Pennaco Energy Inc	Marathon Oil Co	488.1	29.9%	28.9%	40.8%	36.5%
12/18/2000	Donna Karan International	LVMH Moet-Hennessy L Vuitton	247.2	120.5%	124.5%	114.9%	95.3%
12/14/2000	Lindberg Corp	Bodycote International PLC	162.4	102.9%	101.7%	126.0%	142.4%
12/11/2000	Detection Systems Inc	Robert Bosch GmbH	117.5	38.5%	41.7%	51.7%	69.5%
12/07/2000	Musicland Stores Corp	Best Buy Co Inc	418.7	22.4%	60.6%	61.6%	71.5%
12/04/2000	Agribands International Inc	Cargill Inc	575.8	24.4%	24.1%	23.5%	26.8%
11/29/2000	Lanier Worldwide Inc	Ricoh Corp(Ricoh Co Ltd)	255.9	540.0%	519.4%	411.7%	267.4%
11/14/2000	MicroTouch Systems Inc	Minnesota Mining & Manufctring	147.7	41.2%	42.9%	97.1%	150.5%
11/13/2000	Willamette Industries Inc	Weyerhaeuser Co	7,857.3	59.7%	55.6%	71.0%	83.1%
10/27/2000	Azurix Corp(Enron Corp)	Enron Corp	330.1	135.2%	136.9%	113.3%	70.2%
10/26/2000	Keebler Foods Co	Kellogg Co	4,652.2	6.7%	6.0%	4.4%	-2.0%
10/16/2000	Specialty Equipment Companies	United Technologies Corp	724.4	26.1%	26.7%	22.4%	16.0%
10/12/2000	Engle Homes Inc	Technical Olympic USA Inc	464.2	21.3%	21.8%	24.8%	43.9%
10/06/2000	Taco Cabana Inc	Carrols Corp	151.4	117.5%	110.2%	102.8%	87.2%
09/29/2000	Southdown Inc	Cemex	2,846.2	30.4%	35.0%	25.5%	20.5%
09/28/2000	WLR Foods Inc	Pilgrim's Pride Corp	279.9	107.3%	126.4%	162.5%	191.3%
09/27/2000	Acuson Corp	Siemens Medical	668.1	46.6%	55.0%	56.8%	64.8%

09/25/2000	Bush Boake Allen(Union Camp)	International Flavors	964.2	11.3%	11.0%	9.6%	11.7%	
09/21/2000	Hertz Corp(Ford Motor Co)	Ford Motor Co	734.0	46.4%	44.0%	28.5%	18.6%	
09/11/2000	Mikasa Inc	JG Durand Industries SA	288.9	69.2%	69.4%	70.8%	69.8%	
			Maximum: \$	10,479.4	540.0%	519.4%	411.7%	267.4%
			Mean:	1,023.4	44.1%	45.6%	48.1%	51.7%
			Median:	416.0	28.8%	31.7%	33.5%	37.6%
			Minimum:	106.2	-7.8%	-7.4%	-3.4%	-9.1%

Sources: Deal data from Thomson Financial Securities Data with supplemental information from press releases; stock prices are from Factset.
 (1) Completed U.S. deals only; excludes Investor Group, LBOs, and MBOs.